EXIDE TECHNOLOGIES
Form 10-K/A
June 17, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2013

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-11263

EXIDE TECHNOLOGIES
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	23-0552730 (I.R.S. Employer Identification Number)
13000 Deerfield Parkway, Building 200 Milton, Georgia (Address of principal executive offices)	30004 (Zip Code)

(678) 566-9000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.01 par value
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No þ
Indicate by a check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer	¨	Accelerated filer	þ
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

The aggregate market value of common stock held by non-affiliates of the Registrant as of September 30, 2012 was $236,974,931.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 16, 2013, 79,324,489 shares of common stock were outstanding.

EXPLANATORY NOTE

The sole purpose of this Amendment to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 (the “10-K”), is to furnish the certifications of the chief executive officer and chief financial officer required by Section 906 of the Sarbanes-Oxley Act of 2002 and Item 601(b)(32) of Regulation S-K, which were accidentally omitted from the 10-K. No other changes have been made to the 10-K, and this Amendment has not been updated to reflect events occurring subsequent to the filing of the 10-K.

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EXIDE TECHNOLOGIES

PART I

Item 1. Business

Overview and General Discussion of the Business

Exide Technologies ("Company") is a Delaware corporation organized in 1966 to succeed to the business of a New Jersey corporation founded in 1888. Exide's principal executive offices are located at 13000 Deerfield Parkway, Building 200, Milton, Georgia 30004.

The Company is a global leader in stored electrical energy solutions, and one of the largest manufacturers and suppliers of lead-acid batteries for transportation and industrial applications in the world, with fiscal 2013 net sales of approximately $3.0 billion. The Company's operations in the Americas as well as Europe and Rest of World ("ROW") represented approximately 42% and 58%, respectively, of fiscal 2013 net sales.

Unless otherwise indicated or unless the context otherwise requires, references to "fiscal year" refer to the twelve months ended March 31 of that year (e.g., "fiscal 2013" refers to the period beginning April 1, 2012 and ending March 31, 2013). Unless the context indicates otherwise, the "Company," "Exide," "we," or "us" refers to Exide Technologies and its subsidiaries.

Chapter 11 Case

On June 10, 2013 ("Petition Date"), Exide Technologies ("Debtor") filed a voluntary petition for relief ("Chapter 11 Case") under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code" or "Chapter 11"), in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") in order to deleverage its balance sheet and implement operational restructuring. The Chapter 11 Case is being administered under the caption In re Exide Technologies, case number 13-11482. None of our direct or indirect subsidiaries have filed a voluntary petition for relief under Chapter 11 or are involved in any other restructuring proceedings.

No assurance can be given as to the value, if any, that may be ascribed to the Debtor's various pre-petition liabilities and other securities. The Company cannot predict what the ultimate value of any of its securities may be and it remains too early to determine whether holders of any such securities will receive any distribution in the Debtor's reorganization. In particular, in most cases under Chapter 11 of the Bankruptcy Code, holders of equity securities receive little or no recovery of value from their investment. Accordingly, the Debtor urges that caution be exercised with respect to existing and future investments in any of these securities or other Debtor claims. In addition, we have received notice from The Nasdaq Stock Market ("NASDAQ") that trading of the Company's common stock will be suspended at the opening of business on June 24, 2013 and NASDAQ will file with the Securities and Exchange Commission to remove the Company's securities from listing and registration on NASDAQ.

The Company is currently operating as a "debtor in possession" under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as debtors in possession under the Bankruptcy Code, the Debtor is authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. The Bankruptcy Code enables the Company to continue to operate its business without interruption and the Bankruptcy Court has granted a number of first day motions allowing the Debtor to pay pre-petition obligations to, among other parties, (i) employees, (ii) taxing authorities, (iii) insurance providers, (iv) independent contractors, (v) foreign vendors, and (vi) certain vendors deemed critical to the Debtors' operations.

In connection with the Chapter 11 Case, the Debtor filed motions seeking Bankruptcy Court approval of Debtor-in-Possession financing on the terms set forth in the Superiority Debtor-in-Possession Credit Agreement, dated as of June 9, 2013 (the "DIP Credit Agreement"), by and among Exide Technologies, a Debtor and a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code, as US Borrower, Exide Global Holding Netherlands C.V., as Foreign Borrower, the lenders from time to time party thereto and JP Morgan Chase Bank, N.A., as Agent (the "DIP Financing"). The DIP Financing provides for senior secured superpriority debtor in possession financing facilities in an aggregate amount of up to $500.0 million, consisting of a $225.0 million asset based loan ("ABL") ABL revolving credit facility, subject to a borrowing base, and a $275.0 million "last out" term loan facility (the "DIP Facilities"). Subject to satisfaction of conditions to borrowing, the entire ABL revolving credit facility and $170.0

million of the term loan facility will be available upon entry of the interim order and the balance of the term loan facility will be available upon entry of the final order. The proceeds of the DIP Financing were immediately used in part to repay amounts outstanding under the pre-petition ABL revolving credit facility provided by Wells Fargo Capital Financing, LLC, as administrative agent, and a group of lenders party thereto, as to which there was approximately $160.0 million in borrowings and letters of credit outstanding.
The Chapter 11 petitions triggered defaults on substantially all debt obligations of the Debtor. However, under Section 362 of the Bankruptcy Code, the commencement of a Chapter 11 case automatically stays most creditor actions against the Debtor's property.
Additional information about the Company's Chapter 11 Case is available on www.exiderestructures.com. See also “Management's Discussion and Analysis of Financial Condition and Results of Operations - Chapter 11 Proceedings” for further information regarding the Chapter 11 Case.

Company Products and Business Segments

The Company reports its financial results through four principal business segments: Transportation Americas, Transportation Europe and ROW, Industrial Energy Americas, and Industrial Energy Europe and ROW. Refer to Note 18 to the Consolidated Financial Statements in Item 8 of this Form 10-K for financial information about the Company’s business segments and the geographic areas in which the Company operates.

Transportation

The Company’s transportation batteries include starting lighting and ignition (“SLI”) batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, marine, and other applications including Micro-hybrids. The Company’s principal batteries sold in the transportation markets are represented by the following brands: Exide, Exide Extreme, Exide NASCAR Select, Centra, DETA, Orbital, Fulmen, and Tudor, as well as other brands under various private labels. The market for transportation batteries is divided between sales to aftermarket customers and original equipment manufacturers (“OEMs”). Transportation segments represented approximately 61% of the Company’s net sales in fiscal 2013. Within the transportation segments, aftermarket and OEM net sales, including original equipment service ("OES") represented approximately 72.1% and 27.9% of fiscal 2013 net sales, respectively.
Aftermarket sales are impacted by a number of factors, including the number of vehicles in use, average battery life, average age of vehicles, weather conditions, and population growth. Aftermarket demand historically has been less cyclical than OEM demand due to the typical three to five-year replacement cycle. Some of the Company’s major aftermarket customers include Pep Boys, Bosch, Tractor Supply, Canadian Tire, ADI, ATR International, and GroupAuto International. In addition, the Company is also a supplier of authorized replacement batteries for major OEMs including the BMW Group, Fiat Group, Honda, Iveco, John Deere, PSA Group, Scania, Volvo Trucks, Toyota, Volkswagen Group, Renault-Nissan, PACCAR, and many others.
OEM sales are primarily impacted by new vehicle manufacturing builds, based on consumer demand for new vehicles. The Company believes that the OEM market increasingly prefers suppliers with innovative energy storage technology supporting carbon dioxide reductions and suppliers with established global production capabilities that can meet their needs as they expand internationally and increase platform standardization across multiple markets. The Company supplies batteries for two of the 10 top-selling vehicles in the United States of America (“U.S.”) and five of the 10 top-selling vehicles in Europe. Some of the Company’s significant OEM customers include the BMW Group, Fiat Group, International Truck & Engine, the PSA group (Peugeot S.A./Citroën), Case/New Holland, John Deere, Renault, Nissan, Scania, Volvo Trucks, Volkswagen Group, Chrysler, Toyota, Jaguar, Land Rover, among others.

Transportation Americas

In the Americas, the Company sells aftermarket transportation products through various distribution channels, including mass merchandisers, auto parts outlets, wholesale distributors, and battery specialists. The Company sells its OEM transportation replacement products principally through dealer networks. The Company’s Americas operations include a network of 74 branches which sell and distribute batteries and other products to the Company’s distributor channel customers, battery specialists, national account customers, retail stores, and OEM dealers. In addition, these branches collect spent batteries for the Company’s recycling facilities.
The Company currently operates three recycling facilities in North America. These operations supply recycled lead for approximately 75 to 80% of Exide’s Transportation and Industrial Energy products manufactured in North America. The recycling facilities also recover and recycle battery acid as well as plastic materials that are used to produce new

battery covers and cases. The remaining lead requirements are secured from external sources under one to three year supply agreements.

Transportation Europe and ROW

In Europe and ROW, the Company sells OEM batteries to the light vehicle, light commercial vehicle and commercial vehicle industries. The commercial vehicle industry includes truck manufacturers as well as construction and agriculture vehicle manufacturers. Exide supplies most of its OEM batteries directly to the assembly plants of its customers. The Company also delivers service and replacement batteries into this segment. Those are either distributed by the OEM customers themselves or delivered directly to the service points through the Exide logistics network. The Company also supplies advanced lead-acid batteries for microhybrid vehicles equipped with carbon dioxide reducing technologies such as Start & Stop with and without regenerative braking systems.

The Company sells Europe and ROW aftermarket batteries primarily through automotive parts and battery wholesalers, mass-merchandisers, auto centers, service installers, and oil companies. Wholesalers have traditionally represented the majority of this market, but sales through hypermarket chains and automotive parts stores, most often integrated in European-wide buying groups, have increased. Many automotive parts wholesalers are also increasingly organized in European organizations active in purchasing and merchandising programs. Battery specialists sell and distribute batteries to a network of automotive parts retailers, service stations, independent retailers, and garages throughout Europe.

Industrial Energy

The Company's Industrial Energy segments supply both motive power and network power applications. Industrial Energy represented 39% of the Company's net sales in fiscal 2013. Within the Industrial Energy segments, motive power and network power net sales represented approximately 54.2% and 45.8% of Industrial Energy net sales, respectively.

Motive power batteries are used in the material handling industry for electric forklift trucks, and in other industries, including floor cleaning machinery, powered wheelchairs, railroad locomotives, mining, and the electric road vehicles market. The battery technologies for the motive power markets include flooded flat plate products, tubular plate products, absorbed glass mat ("AGM") products, and gel electrolyte products. The Company also offers a complete range of battery chargers and related equipment for the operation and maintenance of battery-powered vehicles.

Network power batteries are used to provide back-up power for use with telecommunications systems, computer installations or data centers, hospitals, air traffic control systems, security systems, utilities, railway and military applications. Telecommunications applications include central and local switching systems, satellite stations, wireless base stations and mobile switches, optical fiber repeating boxes, cable TV transmission boxes, and radio transmission stations. The Company's strongest network power battery brands, Absolyte and Sonnenschein, offer customers the choice of AGM or gel electrolyte valve regulated battery technologies and deliver among the highest energy and power densities in their class.

Industrial Energy Americas

In the Americas, the Company distributes motive power products and services through multiple channels. These include sales and service locations owned by the Company that are augmented by a network of independent manufacturers' representatives. The Company serves a wide range of customers including OEM suppliers of lift trucks, large industrial companies, retail distributors, warehousing companies, and manufacturers. Significant motive power customers in the Americas include Toyota, MCFA, NACCO, Sears, Toyota, Walmart, and Target. The Company distributes network power products and services through sales and service locations owned by the Company augmented by a network of independent manufacturers' representatives. The Company's primary network power customers in the Americas include AT&T, APC, Emerson Electric, and Verizon Wireless.

Industrial Energy Europe and ROW

The Company distributes motive power products and services in Europe through in-house sales and service organizations and utilizes distributors and agents for the export of products from Europe to ROW countries. Motive power products in Europe are also sold to a wide range of customers in the aftermarket, ranging from large industrial companies and retail distributors to small warehousing and manufacturing operations. Motive power batteries are also sold in complete packages, including batteries, chargers, and increasingly through on-site service. The Company's major OEM motive power customers include Toyota Material Handling, the KION Group, and Jungheinrich. The Company distributes network power products and services in Europe and batteries and chargers in Australia and New Zealand through in-house sales and service organizations. In Asia, products are distributed through independent distributors. The Company utilizes distributors, agents, and direct sales to export products from Europe and North America to ROW. The Company's primary Network Power customers in Europe and ROW include Deutsche Telecom, Alcatel, Emerson Electric, Ericsson and Siemens Nokia Networks.

Quality

The Company recognizes that product performance and quality are critical to customer satisfaction and ultimately to its success. The Company has a standardized global Quality Management System ("QMS") which it utilizes in conjunction with the deployment of lean manufacturing principles and new product development systems to drive improved levels of quality,

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productivity and services to the global transportation and industrial energy markets. The Company has an established history of utilizing lean manufacturing and six sigma tools and techniques that are now a standard part of its operations, are coordinated globally, and have also been applied to areas such as maintenance and energy management. The Company also utilizes a disciplined Value Analysis Value Engineering (“VAVE”) process in conjunction with the QMS to ensure that its customers are receiving high quality, competitive products and services.

The Company’s quality commitment begins in the design phase with an in-depth understanding of customer and application requirements. The Company’s products are designed using carefully selected processes, tools and materials in order to meet required performance, industry and customers quality and durability standards. The Company’s focus on quality continues through the manufacturing process. The Company has quality audit processes and standards in each of its production and distribution facilities. The Company’s quality process extends throughout the entire product lifecycle including operation in service as well as recycling.

All of the Company’s major production facilities are approved under ISO/TS 16949 and/or ISO 9001 quality standards. The Company has also obtained ISO 14001 Environmental Health & Safety (“EH&S”) certification at the majority of its manufacturing plants, and has received quality certifications and awards from a number of OEM and aftermarket customers.

Research and Development

The Company is committed to delivering new and technologically advanced products, services, and systems that provide superior performance and value to customers. To support this commitment, the Company focuses on developing opportunities across its global markets and operating a number of product and process-development centers of excellence around the world. These centers work cooperatively to define and improve the Company’s product design and production processes. By leveraging this network, the Company is able to transfer technological, product and process knowledge among its various operating facilities to adopt best practices for use throughout the Company. Investment in Research, Development and Engineering capability continues to be an important priority.

Patents, Trademarks and Licenses

The Company owns or has a license to use various trademarks that are valuable to its business. The Company believes these trademarks and licenses enhance the brand recognition of the Company’s products. The Company currently owns approximately 262 trademarks worldwide, and maintains licenses from others to use approximately 20 trademarks worldwide. The Company also acts as licensor under certain trademark licensing agreements.

The Company has generated a number of patents in the operation of its business and currently owns all or a partial interest in greater than 328 patents and applications for patents pending worldwide. Although the Company believes its patents and patent applications collectively are important to the Company’s business, and that technological innovation is important to the Company’s market competitiveness, currently no operating segment is substantially dependent on any single patent or group of patents.

In 2003, the Company served notices in the U.S. Bankruptcy Court for the District of Delaware (“2002 Bankruptcy Court”) to reject certain executory contracts with EnerSys, which the Company contended were executory, including a 1991 Trademark and Trade Name License Agreement (the “Trademark License”), pursuant to which the Company had licensed to EnerSys use of the “Exide” trademark on certain industrial battery products in the United States and 80 foreign countries. EnerSys objected to the rejection of certain of those contracts, including the Trademark License. In 2006, the 2002 Bankruptcy Court granted the Company's request to reject certain of the contracts, including the Trademark License. EnerSys appealed those rulings. On June 1, 2010, the Third Circuit Court of Appeals reversed the 2002 Bankruptcy Court ruling, and remanded to the lower courts, holding that certain of the contracts, including the Trademark License, were not executory contracts and, therefore, were not subject to rejection. On August 27, 2010, acting on the Third Circuit's mandate, the Bankruptcy Court vacated its prior orders and denied the Company's motion to reject the contracts on the grounds that the agreements are not executory. On September 20, 2010, the Company filed a complaint in the 2002 Bankruptcy Court seeking a declaratory judgment that EnerSys does not have enforceable rights under the Trademark License under Bankruptcy Code provisions. EnerSys filed a motion to dismiss that complaint, which the 2002 Bankruptcy Court granted on January 8, 2013.

On June 7, 2013, EnerSys Delaware Inc., f/k/a EnerSys, Inc. filed suit against the Company in the Court of Chancery for the State of Delaware seeking an accounting and restitution for alleged benefits received by the Company and alleged losses incurred by EnerSys allegedly as the result of the granting by the Bankruptcy Court in 2006 of an Order which allowed the Company to reject the Trademark License and use the licensed "Exide" trademark for Industrial battery products and the Bankruptcy Court's subsequent August 2010 Order vacating the 2006 Order and denying the Company's request to reject the Trademark License. For further information regarding this matter, see Note 12 to the Consolidated Financial Statements.

Manufacturing, Raw Materials and Suppliers

Lead is the primary material used in the manufacture of the Company's lead-acid batteries, representing approximately 45.5% of the cost of goods sold. The Company obtains a significant portion of North American lead requirements through the operation of three secondary lead recycling plants which reclaim lead by recycling spent lead-acid batteries. In North America, the Company obtains spent batteries for recycling primarily from the Company's customers, through Company-owned branch networks, and from third party spent battery collectors. In Europe and ROW, the Company obtains a small portion of its lead requirements through the operation of two lead recycling plants. The majority of the Company's lead requirements in Europe and ROW, however, are obtained from third-party suppliers.

The Company uses both polyethylene and AGM battery separators. There are a number of suppliers from whom the Company purchases AGM battery separators. Polyethylene battery separators are purchased primarily from one supplier pursuant to a supply agreement expiring in fiscal 2016. There is currently no second source that could readily provide the volume of certain polyethylene separators used by the Company. As a result, any major disruption in supply from the Company's primary supplier of certain polyethylene separators would have a material adverse impact on the Company.

Other key raw materials and components in the production of batteries include lead oxide, acid, steel, plastics and chemicals, all of which are generally available from multiple sources. The Company has not experienced any significant material stoppage or disruption in production as a result of non-availability or delays in the availability of raw materials.

Competition

Transportation Segments

The Americas and European transportation markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service, and warranty. Well-recognized brand names are also important for aftermarket customers who do not purchase private label batteries. Most sales are made without long-term contracts.

In the Americas transportation segment, the Company believes it has the third largest market position. Other principal competitors in this market are Johnson Controls, Inc. and East Penn Manufacturing. Competition is strongest in the auto parts retail and mass merchandiser channels where large customers use their buying power to negotiate lower prices and longer payment terms. Due to technical and production qualification requirements, OEMs change battery suppliers less frequently than aftermarket customers, but because of their purchasing size, they can influence market participants to compete on price and other terms. The Company also believes that it has the overall second largest market position in Europe in transportation batteries for the light vehicles and commercial vehicles product categories. The Company's largest competitor in the European transportation markets is Johnson Controls, Inc.

Industrial Energy Segments

The Company believes that it is one of the significant participants in the global motive power battery market. Competitors in the Americas include EnerSys Inc., and East Penn Manufacturing. Competitors in Europe include EnerSys, Inc., Hoppecke, and MIDAC. In Asia, GS/Yuasa, Shinkobe, and EnerSys, Inc. are primary competitors.

The Company is also one of the significant participants in the global network power battery market. Competitors in the Americas include C&D Technologies, EnerSys, Inc., and East Penn Manufacturing. The major competitor in Europe is EnerSys, Inc. In Asia, GS/Yuasa, Shinkobe, and EnerSys, Inc. are primary competitors.

Seasonal Factors

The Company sells a disproportionate share of its transportation aftermarket batteries during the fall and early winter (the Company's third and a portion of its fourth fiscal quarters). Retailers and distributors buy automotive batteries during these periods so they will have sufficient inventory for cold weather periods. Unusually cold winters and hot summers may accelerate battery failure and increase demand for transportation replacement batteries. Mild winters and cool summers, however, may have the opposite effect.

Environmental, Health and Safety Matters

As a result of its manufacturing, distribution, and recycling operations, the Company is subject to numerous federal, state, and local environmental, occupational safety, and health laws and regulations, as well as similar laws and regulations in other countries in which the Company operates (collectively, “EH&S laws”). For a discussion of the legal proceedings relating to environmental, health, and safety matters, see Note 12 to the Consolidated Financial Statements.

Employees

The Company employed approximately 9,628 persons at March 31, 2013, compared to approximately 9,988 persons at March 31, 2012.

Americas

As of March 31, 2013, the Company employed approximately 1,233 salaried employees and 2,691 hourly employees in the Americas, primarily in the U.S. Approximately 36% of these salaried employees are engaged in sales, service, marketing, and administration and 64% in manufacturing and engineering. Approximately 21% of the Company's hourly employees in the Americas are represented by unions. The Company believes that relations with its unions are generally good. Union contracts covering approximately 2.9% of the Company's domestic employees expire in fiscal 2014, and the remainder thereafter.

Europe and ROW

As of March 31, 2013, the Company employed approximately 2,237 salaried employees and 3,467 hourly employees outside of the Americas, primarily in Europe. Approximately 33% of these salaried employees are engaged in sales, service, marketing, and administration and 67% in manufacturing and engineering. Generally, the Company's hourly employees and some of its salaried employees in Europe and ROW are represented by unions. The Company meets regularly with the European Works Councils. The Company believes that relations with its unions are generally good. Contracts covering most of the Company's non-U.S. union employees expire on various dates in fiscal 2014.

Backlog

The Company's order backlog at March 31, 2013 and March 31, 2012, respectively, was approximately $73.1 million million and $50.9 million for Industrial Energy Americas and approximately $101.1 million and $132 million for Industrial Energy Europe and ROW. The Company expects to fill the March 31, 2013 backlogs during fiscal 2014. The Transportation backlog at March 31, 2013 was not significant.

Available Information

The Company maintains a website on the internet at www.exide.com. The Company makes available free of charge through its website, by way of a hyperlink to a third-party Securities Exchange Commission ("SEC") filing website (www.sec.gov), its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports electronically filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934. The information on the Company's website is not, and shall not be deemed to be, a part of this annual report on form 10-K or incorporated into any other filings the Company makes with the SEC. The SEC website (www.sec.gov) contains reports, proxy and other statements, and other information regarding issuers, including the Company, that file electronically with the SEC. All of this information is available as soon as reasonably practicable after it is filed with the SEC. In addition, the public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C., 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The Company's Code of Ethics and Business Conduct may be accessed within the Investor Relations section of its website. Amendments and waivers of the Code of Ethics and Business Conduct will also be disclosed within four business days of issuance on the website. Information found in the Company's website is neither part of this annual report on Form 10-K nor any other report filed with the SEC.

Item 1A. Risk Factors

We filed for reorganization under Chapter 11 of the Bankruptcy Code on June 10, 2013 and are subject to the risks and uncertainties associated with the Chapter 11 Case.

For the duration of our Chapter 11 Case, our operations, including our ability to execute our business plan, are subject to the risks and uncertainties associated with bankruptcy. Risks and uncertainties associated with our Chapter 11 Case includes the following:

- our creditors or other third parties may take actions or make decisions that are inconsistent with and detrimental to the plans we believe to be in the best interests of the Company;
- we may be unable to obtain court approval with respect to certain matters in the Chapter 11 Case from time to time;
- the court may not agree with our objections to positions taken by other parties;

- we may not be able to confirm and consummate a Chapter 11 plan of reorganization or may be delayed in doing so;

- we may not be able to obtain and maintain normal credit terms with vendors, strategic partners and service providers;
- we may not be able to enter into or maintain contracts that are critical to our operations at competitive rates and terms, if at all; and
- we may be exposed to risks associated with third parties seeking and obtaining court approval to (i) terminate or shorten our exclusivity period to propose and confirm a plan of reorganization, (ii) appoint a Chapter 11 trustee or (iii) convert the case to a Chapter 7 liquidation case.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events, the positions we take in court, or publicity associated with our Chapter 11 Case could adversely affect our sales and our relationship with our customers, as well as with vendors and our employees, which in turn could adversely affect our operations and financial condition, particularly if the Chapter 11 Case is protracted. Because of the risks and uncertainties associated with our Chapter 11 Case, the ultimate impact of events that occur during these proceedings will have on our business, financial condition and results of operations cannot be accurately predicted or quantified. If any one or more of these risks materializes, it could affect our ability to continue as a going concern.

Operating under Chapter 11 may restrict our ability to pursue our business strategies.

Under Chapter 11, transactions outside the ordinary course of business will be subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond in a timely manner to certain events or take advantage of certain opportunities. We must obtain Bankruptcy Court approval to, among other things:

- engage in certain transactions with our vendors;
- buy or sell assets outside the ordinary course of business;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- borrow for our operations, investments or other capital needs or to engage in other business activities that would be in our interest.

Our employees face uncertainty due to the Chapter 11 Case.

As a result of the Chapter 11 Case, our employees are facing uncertainty. A material erosion of our employees' commitment could have a material adverse effect on our business, particularly if the Chapter 11 Case is protracted.

The Company's businesses could suffer from a protracted restructuring.

The Company's future results are dependent upon the timely and successful filing, confirmation and implementation of a plan of reorganization. If a restructuring is protracted, it could adversely affect the Company's operating results, including its relationships with its employees, vendors, strategic partners and customers. If we experience a protracted reorganization, there is a significant risk that the value of the Company's enterprise would be substantially eroded to the detriment of all stakeholders.

We may be subject to claims that will not be discharged in the Chapter 11 Case.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With a few exceptions primarily relating to environmental claims, all claims that arose prior to the filing of our Chapter 11 Case (i) will be subject to compromise, and/or discharge in the Chapter 11 case in any plan of reorganization that may be certified, or (ii) will be discharged in accordance with the Bankruptcy Code and the terms of the plan of reorganization. However, the aggregate amount of such claims that are not subject to treatment under the plan of reorganization or that are not discharged may be material.

We may not have sufficient cash to maintain our operations during Chapter 11 and fund our emergence from the Chapter 11 Case.

Because of our weakened financial condition, we will continue to have heightened exposure to, and less ability to withstand, the operating risks that are customary in the industry, such as fluctuations in raw material prices. Any of these factors could result in the need for substantial additional funding. A number of other factors, including our Chapter 11 filing, our financial results in recent years, our substantial indebtedness and the competitive environment we face, adversely affect the availability and terms of funding that might be available to us during, and upon emergence from, our Chapter 11 Case. As a result of these and other factors, we may not be able to source capital at acceptable rates, on acceptable terms or at all, to fund our current operations and our exit from Chapter 11. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations, both currently and upon emergence from Chapter 11.

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Trading in our securities during the pendency of the Chapter 11 Case is highly speculative and poses substantial risks. It is probable our common stock will be cancelled and that holders of such common stock will not receive any distribution with respect to, or be able to recover any portion of, their investments.
It is too early to definitely determine if our Chapter 11 plan of reorganization will allow for distributions with respect to our common stock. It is possible that these equity interests will be cancelled and extinguished upon the approval of the Bankruptcy Court of any such plan and the holders thereof would not be entitled to receive, and would not receive or retain, any property or interest in property on account of such equity interests. In the event of a cancellation of these equity interests, amounts invested by such holders in our outstanding equity securities will not be recoverable. Consequently, our currently outstanding common stock would have no value. Trading prices for our common stock are very volatile and may bear little or no relationship to the actual recovery, if any, by the holders of such securities in the Chapter 11 Case. Accordingly, we urge that extreme caution be exercised with respect to existing and future investments in our equity securities and any of our other securities.
Our common stock will be delisted from the NASDAQ and will not be listed on any other national securities exchange.
We have received notice from NASDAQ that trading of the Company's common stock will be suspended at the opening of business on June 24, 2013 and NASDAQ will file with the Securities and Exchange Commission to remove the Company's securities from listing and registration on NASDAQ.
We may not be able to re-list our common stock on a national securities exchange, although our securities might begin to trade in the over-the-counter market. The trading of our common stock in the over-the-counter market rather than the NASDAQ may negatively impact the trading price of our common stock and the levels of liquidity available to our stockholders. In addition, securities that trade in the over-the-counter market are not eligible for margin loans and make our common stock subject to the provisions of Rule 15g-9 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), commonly referred to as the "penny stock rule."
Risks of trading in an over-the-counter market.
Securities traded in the over-the-counter market generally have significantly less liquidity than securities traded on a national securities exchange, due to factors such as the reduced number of investors that will consider investing in the securities, the reduced number of market makers in the securities, and the reduced number of securities analysts that follow such securities. As a result, holders of shares of our common stock may find it difficult to resell their shares at prices quoted in the market or at all. Furthermore, because of the limited market and generally low volume of trading in our common stock that could occur, the share price of our common stock could be more likely to be affected by broad market fluctuations, general market conditions, fluctuations in our operating results, changes in the markets perception of our business, and announcements made by us, our competitors, parties with whom we have business relationships or third parties with interests in the Chapter 11 Case. If our securities begin trading in the over-the-counter market, in some cases, we may be subject to additional compliance requirements under applicable state laws in the issuance of our securities. The lack of liquidity in our common stock may also make it difficult for us to issue additional securities for financing or other purposes, or to otherwise arrange for any financing we may need in the future.

The Company has experienced significant fluctuations in raw material prices, particularly lead, and further changes in the prices of raw materials or in energy costs could have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.
Lead is the primary material used in the manufacture of the Company's lead-acid batteries, representing approximately 45.5% of the cost of goods sold. The Company obtains a significant portion of North American lead requirements through the operation of three secondary lead recycling plants and external tolling suppliers which reclaim lead by recycling spent lead-acid batteries. In North America, the Company obtains spent batteries for recycling primarily from the Company's customers, through Company-owned branch networks, and from outside spent battery collectors. Costs of spent batteries have been quite volatile, increasing by 8.7% on average in fiscal 2013 as compared with fiscal 2012. In Europe and ROW, the Company obtains a small portion of its lead requirements through the operation of two lead recycling plants. The majority of the Company's lead requirements in Europe and ROW are obtained from

third-party suppliers under annual supply agreements.
Other key raw materials and components in the production of batteries include lead oxide, acid, steel, plastics and chemicals, all of which are generally available from multiple sources. The Company has not experienced any material stoppage or disruption in production as a result of non-availability or delays in the availability of raw materials.

The Company is subject to fluctuations in exchange rates and other risks associated with its non-U.S. operations which could adversely affect the Company's business, financial condition, cash flows or results of operations.

The Company has significant manufacturing operations in, and exports to, several countries outside the U.S. Approximately 58% of the Company's net sales for fiscal 2013 were generated in Europe and ROW with the significant majority generated in Euros. Because such a significant portion of the Company's operation is based overseas, the Company is exposed to foreign currency risk, resulting in uncertainty as to future asset and liability values, and results of operations that are denominated in foreign currencies. The Company invoices foreign sales and service transactions in local currencies and translates these revenues and expenses into U.S. Dollars at average monthly exchange rates. Because a significant portion of the Company's net sales and expenses are denominated in foreign currencies, the depreciation of these foreign currencies in relation to the U.S. Dollar could adversely affect the Company's reported net sales and operating margins. The Company translates its non-U.S. assets and liabilities into U.S. Dollars using current rates as of the balance sheet date. Therefore, foreign currency depreciation against the U.S. Dollar would result in a decrease in the Company's net investment in foreign subsidiaries.

In addition, foreign currency depreciation, particularly depreciation of the Euro, would make it more expensive for the Company's non-U.S. subsidiaries to purchase certain raw material commodities that are priced globally in U.S. Dollars, such as lead, which is quoted on the London Metals Exchange ("LME") in U.S. Dollars. The Company does not engage in significant hedging of its foreign currency exposure and cannot assure that it will be able to hedge its foreign currency exposures at a reasonable cost.

There are other risks inherent in the Company's non-U.S. operations, including:

- Changes in local economic conditions, and disruption of markets; including current sovereign debt challenges in certain European countries.
- Changes in laws and regulations, including changes in import, export, labor and environmental laws;
- Exposure to possible expropriation or other government actions; and
- Unsettled political conditions and possible terrorist attacks against American interests.

These and other risks may have a material adverse effect on the Company's non-U.S. operations or on its business, financial condition, cash flows or results of operations.

The Company's liquidity is affected by the seasonality of its business. Warm winters and cool summers adversely affect the Company.

The Company sells a disproportionate share of its automotive aftermarket batteries during the fall and early winter. Resellers buy automotive batteries during these periods so that they will have sufficient inventory for cold weather periods. This seasonality increases the Company's working capital requirements and makes it more sensitive to fluctuations in the availability of liquidity. Unusually cold winters or hot summers may accelerate battery failure and increase demand for automotive replacement batteries. Mild winters and cool summers may have the opposite effect. As a result, if the Company's sales are reduced by an unusually warm winter or cool summer, it may not be possible for the Company to recover these sales in later periods. Further, if the Company's sales are adversely affected by the weather, it cannot make offsetting cost reductions to protect the Company's liquidity and gross margins in the short-term because a large portion of the Company's manufacturing and distribution costs are fixed. These circumstances could result in a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.

Decreased demand in the industries in which the Company operates may adversely affect its business, financial condition, cash flows or results of operations.

The Company's financial performance depends, in part, on conditions in the automotive, material handling, and telecommunications industries which, in turn, are generally dependent on the U.S. and global economies. As a result, economic and other factors adversely affecting production by OEMs and their customers' spending could adversely impact the Company's business. Relatively modest declines in customer purchases from the Company could have a significant adverse impact on its profitability because the Company has substantial fixed production costs. If the Company's OEM and large aftermarket customers reduce their inventory levels, or reduce their orders, the Company's performance would be significantly adversely impacted. In this economic environment, the Company cannot predict future production rates or inventory levels or underlying economic factors. Continued uncertainty and unexpected fluctuations may adversely affect the Company’s business, financial conditions, cash flows, or results of operations. The remaining portion of the Company’s battery sales are of aftermarket batteries. The factors influencing demand for automotive replacement batteries include: (1) the number of vehicles in use; (2) average battery life; (3) the average age of vehicles and their operating environment; (4) weather conditions; (5) population growth; and (6) overall economic conditions.

Any significant adverse change in any one of these factors may adversely affect the Company's business, financial condition, cash flows, or results of operations.

The loss of the Company's primary supplier of polyethylene battery separators would have a material adverse effect on the Company's business, financial condition, cash flows or results of operations.

The Company uses both polyethylene and AGM battery separators. There are a number of suppliers from whom the Company purchases AGM battery separators. Polyethylene battery separators are purchased primarily from one supplier pursuant to a supply agreement expiring in fiscal 2016. There is currently no second source that could readily provide the volume of certain of its polyethylene separators used by the Company. As a result, any major disruption in supply from the Company's primary supplier of certain polyethylene separators would have a material adverse impact on the Company.

Many of the industries in which the Company operates are cyclical.

The Company's operating results are affected by the general cyclical pattern of the industries in which its major customer groups operate. Any significant decline in demand for replacement batteries for automobiles, light trucks, or sport utility vehicles could have a material adverse impact on the Company's business, financial condition, cash flows or results of operations of the Company's Transportation segments. To a lesser extent, a prolonged decline in the demand for new automobiles, light trucks or sport utility vehicles could also have an adverse impact on these segments. A weak capital expenditure environment in the telecommunications, uninterruptible power systems or electric industrial forklift truck markets could have a material adverse effect on the business, financial condition, cash flows, or results of operations of the Company's Industrial Energy segments.

The Company is subject to pricing pressure from its larger customers.

The Company faces significant pricing pressures in all of its business segments from its larger customers. Because of their purchasing volume, the Company's larger customers can influence market participants to compete on price and other terms. Such customers also use their buying power to negotiate lower prices. If the Company is not able to offset price reductions resulting from these pressures by improved operating efficiencies and reduced expenditures, those price reductions may have an adverse impact on the Company's business, financial condition, cash flows, or results of operations.

The Company faces increasing competition and pricing pressure from other companies in its industries, and if the Company is unable to compete effectively with these competitors, the Company's sales and profitability could be adversely affected.

The Company competes with a number of major domestic and international manufacturers and distributors of lead-acid batteries, as well as a large number of smaller, regional competitors. Due to excess capacity in some sectors of its industry and consolidation among industrial purchasers, the Company has been subjected to continued and significant pricing pressures. The North American, European and Asian lead-acid battery markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service, and warranty. In addition, the Company is experiencing heightened competitive pricing pressure as Asian producers, which are able to employ labor at significantly lower costs than producers in the U.S. and Western Europe, expand their export capacity and increase their marketing presence in the Company's major markets. If the Company is unable to compete effectively with these competitors, its sales and profitability could be adversely affected, which could have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.

If the Company is not able to develop new products or improve upon its existing products on a timely basis, the Company's business, financial condition, cash flows or results of operations could be adversely affected.

The Company believes that its future success depends, in part, on the ability to develop, on a timely basis, new technologically advanced products or improve on the Company's existing products in innovative ways that meet or exceed its competitors' product offerings. Maintaining the Company's market position will require continued investment in capital assets, research and development, and sales and marketing. Industry standards, customer expectations, or other products may emerge that could render one or more of the Company's products less desirable or obsolete. The Company may be unable to make significant investments in product research & development and unsuccessful in making the technological advances necessary to develop new products or improve its existing products to maintain its market position. If any of these events occur, they could cause decreases in sales and have an adverse effect on the Company’s business, financial condition, cash flows or results of operations.

The Company may be adversely affected by the instability and uncertainty in the world financial markets and the global economy, and uncertainty around potential terrorist activities against global companies.

Unfavorable changes in global economic conditions, including the current sovereign debt issues in certain European countries as well as tightening credit markets, inflation or recession may result in consumers, businesses and governments deferring or lowering purchases of the Company's products in the future. In addition, terrorist activities may cause unpredictable or unfavorable economic conditions and could have a material adverse impact on the Company's business, financial condition, cash flows or results of operations. These economic conditions and uncertainty also may impact the ability of the Company's customers to purchase the Company's products and services. As a result, reserves for doubtful accounts and write-offs of accounts receivable may increase. In addition, the Company's ability to meet customer's demands depends, in part, on the Company's ability to obtain timely and adequate delivery of quality materials, parts and components from its suppliers. If certain key suppliers were to become capacity constrained or insolvent as a result of the global economic conditions, or terrorist attacks, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies. If such economic conditions persist, or terrorist attacks occur, they could have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.

The Company may be unable to successfully implement its business strategy, which could adversely affect its business, financial condition, cash flows or results of operations.

The Company's ability to achieve its business and financial objectives is subject to a variety of factors, many of which are beyond the Company's control. For example, the Company may not be successful in increasing its manufacturing and distribution efficiency through productivity, process improvements and cost reduction initiatives. Further, the Company may not be able to realize the benefits of these improvements and initiatives within the time frames the Company currently expects. In addition, the Company may not be successful in maintaining or increasing the Company's percentage of captive arrangements and spent-battery collections or in otherwise hedging its lead requirements, leaving it exposed to fluctuations in the price of lead. Any failure to successfully implement the Company's business strategy could adversely affect the Company's business, financial condition, cash flows, or results of operations, and could further impair the Company's ability to make certain strategic capital expenditures.

The Company is subject to costly regulation in relation to environmental and occupational, health and safety matters, which could adversely affect its business, financial condition, cash flows or results of operations.

Throughout the world, the Company manufactures, distributes, recycles, and otherwise uses large amounts of potentially hazardous materials, especially lead and acid. As a result, the Company is subject to a substantial number of costly regulations. In particular, the Company is required to comply with increasingly stringent requirements of federal, state, and local environmental, occupational health and safety laws and regulations in the U.S. and other countries, including those governing (1) emissions to air, discharges to water, noise and odor emissions; (2) the generation, handling, storage, transportation, treatment, and disposal of waste materials; and (3) the cleanup of contaminated properties and human health and safety. Compliance with these laws and regulations results in ongoing costs. The Company could also incur substantial costs, including cleanup costs, fines, and civil or criminal sanctions, third-party property damage or personal injury claims, or costs to upgrade or replace existing equipment, as a result of violations of or liabilities under environmental laws or non-compliance with environmental permits required at its facilities. In addition, many of the Company's current and former facilities are located on properties with histories of industrial or commercial operations. Because some environmental laws can impose liability for the entire cost of cleanup upon any of the current or former owners or operators, regardless of fault, the Company could become liable for the cost of investigating or remediating contamination at these properties if contamination requiring such activities is discovered in the future. There is also inherent difficulty in assessing the Company's potential liability due to the large number of other potentially responsible parties. For example, a demand for the total cleanup costs of a landfill used by many entities may be asserted by the government using joint and several liability theories. Although the Company believes that there is a reasonable basis in law to believe that it will ultimately be responsible for only its share of these remediation costs, there can be no assurance that the Company will prevail on these claims. In addition, the scope of remedial costs or other environmental injuries are highly variable, and estimating these costs involves complex legal, scientific and technical judgments. The Company may become obligated to pay material remediation-related costs at its closed Tampa, Florida facility in the amount of approximately $13.2 million to $20.0 million, and at the Columbus, Georgia facility in the amount of approximately $5.7 million to $8.5 million.

The Company cannot be certain that it has been, or will at all times be, in complete compliance with all environmental requirements, or that the Company will not incur additional material costs or liabilities in connection with these requirements in excess of amounts it has reserved. Private parties, including current or former employees, could bring personal injury or other claims against the Company due to the presence of, or exposure to, hazardous substances used, stored or disposed of by it, or contained in its products, especially lead. Environmental requirements are complex and have tended to become more stringent over time. These requirements or their enforcement may change in the future in a manner that could have a material adverse effect on the Company's business, financial condition, cash flows or results of operations. The Company has made and will continue to make expenditures to comply with environmental requirements. These requirements, responsibilities and associated expenditures, if they continue to increase, could have a material adverse effect on the Company’s business, financial condition, cash flows or results of operations. While the Company’s costs to defend and settle claims arising under environmental laws in the past have not been material, the Company cannot provide assurance that this will remain so in the future.

On November 12, 2008, the Environmental Protection Agency (“EPA”) published new lead emissions standards under the National Ambient Air Quality Standards (“NAAQS”), which became effective on January 12, 2009. The new standards further restrict lead emissions by reducing the off-site concentration standards for lead in air from 1.5 micrograms per cubic meter to 0.15 micrograms per cubic meter. The Company believes that the new standards could impact a number of its U.S. facilities. Under the Clean Air Act (“CAA”), publication by the EPA of these ambient air quality standards initiates a process by which the states develop rules implementing the standards. Recently, some states have accelerated their implementation and the Company is working with these states to meet their requirements. Although the final impact on the Company’s operations cannot be reasonably determined at the current time, the Company believes that the financial impact of compliance with these lead emissions standards on its U.S. facilities will be funded through normal operations. Noncompliance with these standards could have a material adverse effect on the Company’s business, financial condition, cash flows or results of operations.

On January 5, 2012, the EPA passed the National Emissions Standards for Hazardous Air Pollutants (“NESHAP”) for secondary lead smelting. The final regulations include limits for lead and other fugitive emissions, particularly at the Company’s lead recycling facilities, as well as additional testing and monitoring, recordkeeping, and reporting requirements. Although the Company currently believes a majority of these requirements will be met through efforts to attain compliance with NAAQS standards, our failure to attain compliance with NESHAP could have a material adverse effect on the Company’s business, financial condition, cash flows or results of operations.

On January 17, 2012, the City of Frisco, Texas initiated actions that could have prevented the Company from proceeding with projects designed to comply with certain NAAQS implementation requirements related to the Company’s Frisco, Texas recycling facility and that could have imposed an involuntary closure of the facility. The Company contested the City’s actions, and subsequently reached a settlement with the City in June 2012 whereby the Company will sell certain land around the Company’s facility for a total purchase price of $45.0 million, in return for the Company’s agreement to cease operations at the site on or before December 31, 2012, assuming the Company receives state certification for its remedial activities.

The Company has been ordered to temporarily suspend operations at its Vernon, California secondary lead recycling facility.

The Company received an order dated April 24, 2013 from the California Department of Toxic Substances Control (“DTSC”) requiring the Company to temporarily suspend recycling operations at its Vernon, California secondary lead recycling facility, one of the Company's three operating lead recycling facilities in the United States. The DTSC based its order on two factors: (i) an allegation that the Vernon facility was operating an underground storm sewer pipeline in violation of hazardous waste requirements, and (ii) an allegation that air emissions from the Vernon facility disclosed to the California South Coast Air Quality Management District poses a significant risk to the surrounding community. The Company is pursuing a negotiated resolution, as well as pursuing its legal remedies to overturn the suspension order, in an effort to resume operations, but is uncertain if or when the facility will reopen. If the Company is unable to resume operations at the Vernon facility, the Company will need to continue to find alternative sources of lead to ensure adequate supply of this critical raw material component in its products. If the Company is unable to find such sources of lead or if it procures such sources of lead at significantly higher cost, such circumstances could result in a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.

Regulation and legislation adopted to address possible global climate change could increase the Company’s costs of operation and adversely affect the Company’s business, financial condition, cash flows or results of operations.

Recently, there has been an increasing focus on whether emissions of certain gases, commonly referred to as “greenhouse gases” including carbon dioxide, may be contributing to certain atmospheric and other climatic changes. Legislative and regulatory measures directed at limiting the emissions of greenhouse gases and other possible causes of climate change are in various stages of discussions or implementation in a number of countries in which the

Company operates. Legislative, regulatory or other efforts in the United States, and international treaties to combat climate change could result in future increases in the cost of raw materials and energy sources such as electricity, natural gas and fossil fuels, all of which may result in higher manufacturing and distribution costs for the Company. The Company's facilities may also be subject to additional regulation under future climate change policies. Compliance with environmental laws or regulations regarding the reduction of greenhouse gases could result in significant changes to the Company's facilities and operations and result in an increased cost of conducting business. If the Company is unable to manage the financial risks or otherwise recover costs related to complying with climate change regulatory requirements, if any, it could have a material adverse effect on the Company's business, financial condition, cash flows or results of operations.

The Company may be adversely affected by legal proceedings to which the Company is, or may become, a party.
The Company and its subsidiaries are currently, and may in the future become, subject to legal proceedings which could adversely affect its business, financial condition, cash flows or results of operations. See Note 12 to the Consolidated Financial Statements.
In May 2013, one of the Company's Spanish subsidiaries received notice of an investigation by the European Commission of alleged anticompetitive behavior relating to procurement practices of several European lead recyclers. The Company is currently unable to assess the ultimate outcome of the Commission's investigation, the entity or entities that could be affected or the amount of any fines that may result.
The Company's Netherlands subsidiary received notice from the Dutch antitrust authorities that it was the subject of an investigation of a local trade association's members in the traction/motive power batteries segment. The Company is currently unable to assess the ultimate outcome of the investigation, the entity or entities that could be affected or the amount of any fines that may result.
The cost of resolving the Company’s pre-petition disputed claims from its bankruptcy in 2002, including legal and other professional fees involved in settling or litigating these matters, could have a material adverse effect on its business, financial condition, cash flows or results of operations.
The Company established a reserve of common stock and warrants to purchase common stock for issuance to holders of these disputed unsecured claims as the claims are allowed by the 2002 Bankruptcy Court. Effective May 6, 2011 all outstanding warrants expired and were cancelled, and no further warrants will be issued from the reserve to resolve remaining pre-petition disputed unsecured claims. Although these claims are generally resolved through the issuance of common stock from the reserve rather than cash payments, the process of resolving these claims through settlement or litigation requires considerable Company resources, including expenditures for legal and professional fees and the attention of Company personnel. These costs could have a material adverse effect on the Company's business, financial condition, cash flows or results of operations.
Work stoppages or other labor issues at the Company’s facilities or its customers’ or suppliers’ facilities could adversely affect the Company’s business, financial condition, cash flows or results of operations.
At March 31, 2013, approximately 21% of the Company’s hourly employees in the Americas and many of its non-U.S. employees were unionized. It is likely that a significant portion of the Company’s workforce will remain unionized for the foreseeable future. It is also possible that the portion of the Company's workforce that is unionized may increase in the future. Contracts covering approximately 2.9% of the Company's U.S. hourly employees expire in fiscal 2014, and the remainder thereafter. In addition, contracts covering most of the Company’s union employees in Europe and ROW expire on various dates through fiscal 2014. Although the Company believes that its relations with employees are generally good, if conflicts develop between the Company and its employees’ unions in connection with the renegotiation of these contracts or otherwise, work stoppages or other labor disputes could result. A work stoppage at one or more of the Company’s plants, or a material increase in its costs due to unionization activities, may have a material adverse effect on the Company’s business, financial condition, cash flows or results of operations. Work stoppages at the facilities of the Company’s customers or suppliers may also negatively affect the Company’s business. If any of the Company’s significant customers experience a material work stoppage, the customer may halt or limit the purchase of the Company’s products. This could require the Company to shut down or significantly reduce production at facilities relating to those products. Moreover, if any of the Company’s suppliers experience a work stoppage, the Company’s operations could be adversely affected if an alternative source of supply is not readily available.
The Company’s substantial indebtedness could adversely affect its business, financial condition, cash flows or results of operations.
The Company has a significant amount of indebtedness. As of March 31, 2013, the Company had total indebtedness, including capital leases, of approximately $776.0 million. In connection with the Chapter 11 Case, the Debtors filed motions seeking approval of the Bankruptcy Court for a $500.0 million Debtor in Possession financing. The Company's level of indebtedness could have significant consequences. For example, it could:

- Limit the Company's ability to borrow money to fund its working capital, capital expenditures, acquisitions and debt service requirements;
-

Limit the Company's flexibility in planning for, or reacting to, changes in its business and future business opportunities;

- Make the Company more vulnerable to a downturn in its business or in the economy;
- Place the Company at a disadvantage relative to some of its competitors, who may be less highly leveraged; and

- Require a substantial portion of the Company's cash flow from operations to be used for debt payments, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions and other general corporate purposes.

One or a combination of these factors could adversely affect the Company's business, financial condition, cash flows or results of operations. Subject to restrictions in its DIP Facilities, the Company may incur additional indebtedness, which could increase the risks associated with its already substantial indebtedness.

Restrictive covenants limit the Company's ability to operate its business and to pursue its business strategies, and its failure to comply with these covenants could result in an acceleration of its indebtedness.

The DIP facilities contain covenants that limit or restrict the Company's ability to finance future operations or capital needs, to respond to changing business and economic conditions or to engage in other transactions or business activities that may be important to its growth strategy or otherwise important to the Company. The DIP facility agreement, limits or restricts, among other things, the Company's ability and the ability of its subsidiaries to:

- Incur or guarantee additional indebtedness;
- Pay dividends or make distributions on the Company's capital stock or certain other restricted payments or investments;
- Purchase or redeem stock or subordinated indebtedness;
- Issue stock of the Company's subsidiaries;
- Make investments and extend credit;
- Engage in transactions with affiliates;
- Transfer and sell assets;
- Effect a consolidation or merger or sell, transfer, lease or otherwise dispose of all or substantially all of the Company's assets;
- Engage in transactions with affiliates, and
- Create liens on the Company's assets to secure debt.

In addition, the DIP ABL facility requires the Company to repay outstanding borrowings with portions of the proceeds the Company receives from certain sales of property or assets and specified future debt offerings. The Company's ability to comply with these provisions may be affected by events beyond its control.

Any breach of the covenants in the DIP facilities could cause a default under the Company's DIP facilities and other debt, which would restrict the Company's ability to borrow under its DIP facilities thereby significantly impacting the Company's liquidity which could have a material adverse effect on the Company's business, financial condition, cash flows or results of operations. If there were an event of default under any of the Company's debt instruments that was not cured or waived, the holders of the defaulted debt could cause all amounts outstanding with respect to the debt instrument to be due and payable immediately. The Company's assets and cash flow may not be sufficient to fully repay borrowings under its outstanding debt instruments if accelerated upon an event of default. If, as or when required, the Company is unable to repay, refinance or restructure its indebtedness under, or amend the covenants contained in, its senior secured credit facility, the lenders under that facility could institute foreclosure proceedings against the assets securing borrowings under the DIP facilities.

In addition to the risks presented by the current Chapter 11 case, holders of the Company's common stock are subject to the risk of dilution of their investment if additional shares of common stock were issued to holders of pre-petition claims in connection with the Company's 2002 bankruptcy.

On April 15, 2002 (the “2002 Petition Date”), Exide Technologies, together with certain of its subsidiaries (the "2002 Debtors”), filed voluntary petitions for reorganization under Chapter 11 in the 2002 Bankruptcy Court. The 2002 Debtors, along with the Official Committee of Unsecured Creditors, filed the Joint Plan of Reorganization ("the 2002 Plan") with the 2002 Bankruptcy Court on February 27, 2004 and, on April 21, 2004, the 2002 Bankruptcy Court confirmed the 2002 Plan.

Pursuant to the 2002 Plan, the Company has established a reserve of common stock and warrants (now canceled) to purchase common stock for issuance to holders of unsecured pre-petition disputed claims. To the extent this reserve is insufficient to satisfy these disputed claims, the Company would be required to issue additional shares of common stock, which would result in dilution to holders of its common stock. Refer to Note 12 to the Consolidated Financial Statements.

The Company's ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income.

The Company recognizes the expected future tax benefit from deferred tax assets when realization of the tax benefit is considered to be more likely than not. Otherwise, a valuation allowance is applied against deferred tax assets. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets could be impacted. Additionally, future changes in tax laws could limit the Company's ability to obtain the future tax benefits represented by its deferred tax assets. As of March 31, 2013, the Company’s current and long-term deferred tax assets were $11.5 million and $107.9 million, respectively.

Negative tax consequences could materially and adversely affect the Company’s business, financial condition, cash flows or results of operations.

Adverse changes in the underlying profitability and financial outlook of the Company's operations in several jurisdictions could lead to changes in the Company's valuation allowances against deferred tax assets and other tax reserves on the Company's statement of financial position that could materially and adversely affect the Company's business, financial condition, cash flows or results of operations. Additionally, changes in tax laws in the U.S. or in other countries where the Company has significant operations could materially affect deferred tax assets and liabilities on the Company's consolidated statement of financial position and tax expense. The Company is also subject to tax audits by governmental authorities in the U.S. and in non-U.S. jurisdictions. Negative results from one or more such tax audits could materially and adversely affect the Company's business, financial condition, cash flows, or results of operations.

The Company is subject to regulation of its international operations that could adversely affect its business, financial condition, cash flows or results of operations.

Due to the Company’s global operations, it is subject to many laws governing international relations, including those that prohibit improper payments to government officials and restrict where it can do business, what information or products it can supply to certain countries and what information it can provide to a non-U.S. government, including but not limited to the Foreign Corrupt Practices Act and the U.S. Export Administration Act. Violations of these laws, which are complex and often times difficult to interpret and apply, may result in severe criminal penalties or sanctions that could have a material adverse effect on the Company’s business, financial condition, cash flows or results of operations.

Any restructuring activities that the Company may undertake may not achieve the benefits anticipated and could result in additional unanticipated costs, which could have a material adverse effect on the Company’s business, financial condition, cash flows, or results of operations.

The Company regularly evaluates its existing operations, production capacity and business efficiencies and, as a result of such evaluations, the Company may undertake restructuring activities within its businesses, including the recently announced capacity reduction efforts and manufacturing realignment in the United States. These restructuring plans may involve higher costs or longer timetables than the Company anticipates and could result in substantial costs related to severance and other employee-related matters, litigation risks and expenses, and other costs. These restructuring activities may not result in improvements in future financial performance. If the Company is unable to realize the benefits of any restructuring activities or appropriately structure its businesses to meet market conditions, the restructuring activities could have a material adverse effect on the Company’s business, financial condition, cash flows, or results of operations.

CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR
PROVISION OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for historical information, this report may be deemed to contain “forward-looking” statements. The Company is including this cautionary statement for the express purpose of availing itself of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include, but are not limited to (a) projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the effect of currency translations, capital structure, and other financial items, (b) statements of plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulating authorities, (c) statements of future economic performance, and (d) statements of assumptions, such as the prevailing weather conditions in the Company’s market areas, underlying other statements and statements about the Company or its business.

Factors that could cause actual results to differ materially from these forward looking statements include, but are not limited to, the following general factors such as: (i) the ability of the Company to develop, prosecute, confirm and consummate the Chapter 11 plan of reorganization, (ii) the potential adverse impact of the Chapter 11 filing on the Company's liquidity and operations and the risks associated with operating businesses under Chapter 11 protection, (iii) the ability of Exide to comply with the terms of the DIP financing facility, (iv) the Company's ability to obtain additional financing, (v) the Company's ability to retain key management and employees, (vi) customer response to the Chapter 11 filing, (vii) the risk factors or uncertainties listed from time to time in the Company's filings with the Securities and Exchange Commission and with the U.S. Bankruptcy Court in connection with the company's Chapter 11 filing, (viii) the fact that lead, a major constituent in most of the Company’s products, experiences significant fluctuations in market price and is a hazardous material that may give rise to costly environmental and safety claims, (ix) the Company’s ability to implement and fund business strategies based on current liquidity, (x) the Company’s ability to realize anticipated efficiencies and avoid additional unanticipated costs related to its restructuring activities, (xi) the cyclical nature of the industries in which the Company operates and the impact of current adverse economic conditions on those industries, (xii) unseasonable weather (warm winters and cool summers) which adversely affects demand for automotive and some industrial batteries, (xiii) the Company’s substantial debt and debt service requirements which may restrict the Company’s operational and financial flexibility, as well as imposing significant interest and financing costs, (xiv) the litigation proceedings to which the Company is subject, the results of which could have a material adverse effect on the Company and its business, (xv) the realization of the tax benefits of the Company’s net operating loss carry forwards, which is dependent upon future taxable income, (xvi) competitiveness of the battery markets in the Americas and Europe, (xvii) risks involved in foreign operations such as disruption of markets, changes in import and export laws, currency restrictions, currency exchange rate fluctuations and possible terrorist attacks against U.S. interests, (xviii) the ability to acquire goods and services and/or fulfill later needs at budgeted costs, (xix) general economic conditions, (xx) the Company’s ability to successfully pass along increased material costs to its customers, and (xxi) recently adopted U.S. lead emissions standards and the implementation of such standards by applicable states.

The Company cautions each reader to carefully consider those factors herein above set forth and the acknowledgments contained in the “Risk Factors” section of this Annual Report on Form 10-K. Such factors and statements have, in some instances, affected and in the future could affect the ability of the Company to achieve its projected results and may cause actual results to differ materially from those expressed herein. We undertake no obligation to update any forward-looking statements in this Form 10-K.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The chart below lists the locations of the Company’s principal facilities. All of the facilities are owned by the Company unless otherwise indicated. Most of the Company’s significant U.S. properties and certain of its European properties secure its financing arrangements. For a description of these financing arrangements, refer to Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources. The leases for leased facilities generally expire at various dates through 2016.

Location		Use
Americas:		
Milton, GA	(leased)	Global and Americas Executive Offices
Bristol, TN	(portions leased)	Transportation Battery Manufacturing and Distribution Center
Cannon Hollow, MO		Secondary Lead Recycling
Columbus, GA		Transportation and Industrial Battery Manufacturing and Distribution Center
Fort Smith, AR	(leased)	Industrial Battery Manufacturing and Distribution Center
Kansas City, KS		Industrial Battery Manufacturing and Distribution Center
Lampeter, PA		Plastics Manufacturing
Manchester, IA		Transportation Battery Manufacturing and Distribution Center
Mississauga, Canada	(leased)	Distribution Center
Muncie, IN		Secondary Lead Recycling
Salina, KS		Transportation Battery Manufacturing and Distribution Center
Vernon, CA		Secondary Lead Recycling
Toluca, Mexico	(leased)	Distribution Center
Europe and ROW:		
Adelaide, Australia		Distribution Center
Sydney, Australia		Distribution Center
Pinsk, Belarus	(leased)	Transportation Battery Manufacturing
Florival, Belgium		Distribution Center
Shanghai, China	(leased)	Asia Pacific Executive Offices
Gennevilliers, France	(leased)	European Executive Offices
Lille, France		Industrial Battery Manufacturing
Peronne, France		Plastics Manufacturing
Bad Lauterberg, Germany		Industrial Battery Manufacturing and Distribution Center
Budingen, Germany		Industrial Battery Manufacturing and Distribution Center
Vlaardingen, Holland		Distribution Center
Ahmadabad, India		Transportation Battery Manufacturing
Romano Di Lombardia, Italy		Transportation Battery Manufacturing
Lower Hutt, New Zealand		Distribution Center
Poznan, Poland	(portions leased)	Transportation Battery Manufacturing
Castanheira do Riatejo, Portugal		Industrial Battery Manufacturing
Azambuja, Portugal		Secondary Lead Recycling
Azuqueca de Henares, Spain		Transportation Battery Manufacturing
San Esteban de Gomez, Spain		Secondary Lead Recycling
La Cartuja, Spain		Industrial Battery Manufacturing
Manzanares, Spain		Transportation Battery Manufacturing

In addition, the Company also leases sales and distribution outlets in America, Canada, Europe and Asia.

The Company believes that its facilities are in good operating condition, adequately maintained, and suitable to meet the Company’s present needs.

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Item 3. Legal Proceedings

On April 15, 2013, David M. Loritz filed a purported class action lawsuit against the Company, James R. Bolch, Phillip A. Damaska, R. Paul Hirt, Jr., and Michael Ostermann alleging violations of certain federal securities laws. On May 3, 2013, Trevor Knopf filed a nearly identical complaint against the same named defendants in the same court. These cases were filed in the United States District Court for the Central District of California purportedly on behalf of purchasers of the Company's stock between February 9, 2012 and April 3, 2013. On June 4, 2013, James Cassella and Sandra Weitsman filed a substantially similar action in the same court, purportedly on behalf of those who purchased the Company's stock between June 1, 2011 and April 24, 2013, against the Company, Messrs. Bolch, Damaska, Hirt and Lou Martinez. The complaints allege that certain public statements made by the Company and its officers during the respective time periods constituted material misstatements in violation of Rule 10b-5 under the Securities Exchange Act. The complaints do not specify an amount of damages sought. The Company denies the allegations in the complaints and intends to vigorously pursue its defense.
See Note 12 to the Consolidated Financial Statements, which is incorporated herein by reference, for a discussion of the Company’s commitments and contingencies.

Item 4. Mine Safety Disclosures
Not Applicable.

PART II
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
Unregistered Sales of Equity Securities and Use of Proceeds

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 through January 31	—	—	—	—
February 1 through February 29	2,500	$3.44	—	—
March 1 through March 31	139,171	$2.74	—	—

(1) Acquired by the Company in exchange for payment of U.S. tax obligations for certain participants in the Company’s 2004 Stock Incentive Plan and 2009 Stock Incentive Plan that elected to surrender a portion of their shares in connection with vesting of restricted stock awards.

Market Data
The Company’s common stock trades on The NASDAQ Global Market under the symbol “XIDE.” The high and low sales price for each quarter in fiscal 2013 and 2012 is set forth below.

	High	Low
Fiscal 2013:		
First Quarter	$3.40	$2.29
Second Quarter	$3.71	$2.77
Third Quarter	$3.43	$2.42

Fourth Quarter	$3.74	$2.59
Fiscal 2012:		
First Quarter	$11.30	$6.81
Second Quarter	$7.86	$3.85
Third Quarter	$5.07	$2.32
Fourth Quarter	$4.08	$2.72

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The Company did not declare or pay dividends on its common stock during fiscal years 2013 and 2012. Covenants in the DIP facilities restrict the Company's ability to pay cash dividends on capital stock and the Company presently does not intend to pay dividends on its common stock.

As of May 16, 2013, the Company had 79,324,489 shares of its common stock outstanding, with approximately 4,216 holders of record, respectively.

Equity Compensation Plan Information

As of March 31, 2013, the Company maintained stock option and incentive plans under which employees and non-employee directors could be granted options to purchase shares of the Company's common stock or awarded shares of common stock. The following table contains information relating to such plans as of March 31, 2013.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
	(In thousands, except per share data)		
Equity compensation plans approved by security holders	2,868	$7.94	1,073

Item 6. Selected Financial Data

The following table sets forth selected financial data for the Company. The reader should read this information in conjunction with the Company's Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this report.

	Fiscal Year Ended				
	2013	2012	2011	2010	2009
	(In thousands except per share data)				
Statement of Operations Data					
Net sales	$2,971,698	$3,084,650	$2,887,516	$2,685,808	$3,322,332
Operating (loss) income (1)	(53,361)	78,875	95,773	16,739	67,631
Income (loss) before income taxes	(123,176)	751	20,316	(33,300)	(36,308)
Net income (loss) attributable to Exide Technologies	(223,399)	56,739	26,443	(11,814)	(69,522)
Basic earnings (loss) per share	(2.89)	0.73	0.34	(0.16)	(0.92)
Diluted earnings (loss) per share	(2.89)	0.69	0.33	(0.16)	(0.92)
Balance Sheet Data (at period end)					
Working capital (2)	$334,054	$496,695	$542,037	$428,996	$489,216
Total assets	2,004,430	2,194,986	2,183,664	1,956,226	1,900,187
Total debt	776,012	776,731	758,158	659,527	658,205
Total stockholders' equity attributable to Exide Technologies	153,072	401,794	404,787	332,334	326,227
Consolidated Cash Flow Data:					
Cash provided by (used in):					
Operating activities	$28,017	$91,768	$79,990	$109,162	$120,521
Investing activities	(79,246)	(109,201)	(71,796)	(95,242)	(101,087)
Financing activities	1,460	17,273	57,599	1,930	(29,441)
Other Data:					
Capital expenditures	$101,501	$109,836	$88,589	$96,092	$108,914

(1) Operating income reflects restructuring and impairment charges of $71.5 million, $10.9 million, $42.3 million, $80.6 million, and $75.0 million in fiscal 2013, 2012, 2011, 2010, and 2009, respectively.

(2) Working capital is calculated as current assets less current liabilities.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in this Annual Report on Form 10-K.
Some of the statements contained in the following discussion of the Company's financial condition and results of operations refer to future expectations or include other "forward-looking" information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by these statements. The forward-looking information is based on various factors and was derived from numerous assumptions. See "Cautionary Statement for Purposes of the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995," included in this Report on Form 10-K for a discussion of factors to be considered when evaluating forward-looking information detailed below. These factors could cause our actual results to differ materially from the forward looking statements. For a discussion of certain legal contingencies, see Note 12 to the Consolidated Financial Statements.
Executive Overview
The Company is a global producer and recycler of lead-acid batteries. The Company's four business segments, Transportation Americas, Transportation Europe and Rest of World ("ROW"), Industrial Energy Americas, and Industrial Energy Europe and ROW provide a comprehensive range of stored electrical energy products and services for transportation and industrial applications.
Transportation markets include Original Equipment ("OE") and aftermarket automotive, heavy-duty truck, agricultural and marine applications, and new technologies for hybrid vehicles including Stop & Start; micro-hybrid flooded ("MHF") and AGM, and other automotive applications. Industrial markets include batteries for telecommunications systems, utilities, railroads, computer installation and data centers, material handling, mining, and other commercial vehicles.
The Company's four reportable segments are determined based upon the nature of the markets served and the geographic regions in which they operate. The Company's chief operating decision-maker monitors and manages the financial performance of these four business groups.
Chapter 11 Case
Overview
On June 10, 2013, the Company filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Chapter 11 Case is being administered under the caption In re Exide Technologies, case number 13-11482.
The Company is operating as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as a debtor-in-possession under the Bankruptcy Code, we are authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. The Bankruptcy Code enables the Company to continue to operate its business without interruption and the Bankruptcy Court has granted a number of first day motions allowing the Debtor to pay pre-petition obligations to, among other parties, (i) employees, (ii) taxing authorities, (iii) insurance providers, (iv) independent contractors, (v) foreign vendors, and (vi) certain vendors deemed critical to the Debtors' operations.
While operating as a debtor-in-possession under Chapter 11 of the Bankruptcy Code, the Debtor may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Bankruptcy Court or otherwise as permitted in the ordinary course of business. Moreover, the Debtor has not yet prepared or filed with the Bankruptcy Court a plan of reorganization. The ultimate plan of reorganization, which would be subject to acceptance by the requisite majorities of empowered creditors under the Bankruptcy Code and Bankruptcy Court appraisal, could materially change the amounts and classifications in the historical Consolidated Financial Statements.
No assurance can be given as to the value, if any, that may be ascribed to the Debtor's various pre-petition liabilities and other securities. The Company cannot predict what the ultimate value of any of its securities may be and it

remains too early to determine whether holders of any such securities will receive any distribution in the Debtor's reorganization. In particular, in most cases under Chapter 11 of the Bankruptcy Code, holders of equity securities receive little or no recovery of value from their investment. Accordingly, the Debtor urges that caution be exercised with respect to existing and future investments in any of these securities or other Debtor claims. We have received notice from NASDAQ that trading of the Company's common stock will be suspended at the opening of business on June 24, 2013 and NASDAQ will file with the Securities and Exchange Commission to remove the Company's securities from listing and registration on NASDAQ.

General Information

Notices to Creditors; Effect of Automatic Stay. The Debtor has begun the process of seeking to notify all known current or potential creditors that the Chapter 11 Case had been filed. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtor's Chapter 11 Case automatically enjoined, or stayed, the continuation of most judicial or administrative proceedings or filing of other actions against the Debtor or its property to recover on, collect or secure a claim arising prior to the Petition Date. Thus, for example, most creditor actions to obtain possession of property from the Debtor, or to create, perfect or enforce any lien against the property of the Debtor, or to collect on monies owed or otherwise exercise rights or remedies with respect to a prepetition claim, are enjoined unless and until the Bankruptcy Court lifts the automatic stay as to any such claim. Vendors are being paid for goods furnished and services provided after the Petition Date in the ordinary course of business.

Executory Contracts and Unexpired Leases. Under Section 365 and other relevant sections of the Bankruptcy Code, the Debtor may assume, assume and assign, or reject certain executory contracts and unexpired leases, subject to the approval of the Bankruptcy Court and certain other conditions. Under the Bankruptcy Code, the Debtor's rights to assume or assume and assign unexpired leases of non-residential real estate expire on 120 days after the Petition Date (subject to further extension by the Bankruptcy Court but not to exceed 210 days from the Petition Date). In general, rejection of an executory contract or unexpired lease is treated as a prepetition breach of the executory contract or unexpired lease in question and, subject to certain exceptions, relieves the Debtor from performing its future obligations under such executory contract or unexpired lease but entitles the contract counterparty or lessor to a prepetition general unsecured claim for damages caused by such deemed breach. Counterparties to such rejected contracts or leases have the right to file claims against the Debtor's estate for such damages. Generally, the assumption of an executory contract or unexpired lease requires the Debtor to cure existing defaults under such executory contract or unexpired lease.

Any description of an executory contract or unexpired lease elsewhere in this report or reflected in the Notes to the Consolidated Financial Statements, including where applicable the Debtor's express termination rights or a quantification of its obligations, must be read in conjunction with, and is qualified by, any rights the Debtor or counterparties have under Section 365 of the Bankruptcy Code.

The Debtor expects that liabilities subject to compromise and resolution in the Chapter 11 Case will arise in the future as a result of damage claims created by the Debtor's rejection of various executory contracts and unexpired leases. Due to the uncertain nature of many of the potential rejection claims, the magnitude of such claims is not reasonably estimable at this time. Such claims may be material.

Magnitude of Potential Claims. The Debtor will file with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Debtor, subject to the assumptions filed in connection therewith. All of the schedules are subject to further amendment or modification.

Bankruptcy Rule 3003(c)(3) requires the Bankruptcy Court to fix the time within which proofs of claim must be filed in a Chapter 11 case pursuant to section 501 of the Bankruptcy Code. This Bankruptcy Rule also provides that any creditor who asserts a claim against the Debtors that arose prior to the Petition Date and whose claim (i) is not listed on the Debtor's schedules or (ii) is listed on the schedules as disputed, contingent, or unliquidated, must file a proof of claim. The Bankruptcy Court has not yet established a date and time by which such proofs of claim must be filed. Differences between amounts scheduled by the Debtor and claims by creditors will be investigated and resolved in connection with the claims resolution process. In light of the expected number of creditors, the claims resolution process may take considerable time to complete. Accordingly, the ultimate number and amount of allowed claims is not presently known, nor can the ultimate recovery with respect to allowed claims be presently ascertained.

Plan of reorganization. The Debtor has the exclusive right for 120 days after the Petition Date to file a plan of reorganization and, if it does so, 60 additional days to obtain necessary acceptances of the plan. The Debtor's exclusivity period may be extended by the Court, for cause, for up to 18 months from the Petition Date. If the Debtor's exclusivity period lapses, any party in interest may file a plan of reorganization for the Debtor. In addition to being voted on by holders of impaired claims and equity interests, a plan of reorganization must satisfy certain requirements of the Bankruptcy Code and must be approved, or confirmed, by the Bankruptcy Court in order to become effective. A plan of reorganization has been accepted by holders of claims against and equity interests in the Debtor if (i) at least one-half in number and two-thirds in dollar amount of claims actually voting in each impaired class of claims have voted to accept the plan and (ii) at least two-thirds in amount of equity interests actually voting in each impaired class of equity interests has voted to accept the plan. Under certain circumstances set forth in Section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm a plan even if such plan has not been accepted by all impaired classes of claims and equity interests - a process known as “cram down”. A class of claims or equity interests that does not receive or retain any property under the plan on account of such claims or interests is deemed to have voted to reject the plan. The precise requirements and evidentiary showing for confirming a plan notwithstanding its rejection by one or more impaired classes of claims or equity interests depends upon a number of factors, including the status and seniority of the claims or equity interests in the rejecting class (i.e., secured claims or unsecured claims, subordinated or senior claims, preferred or common stock). Generally, with respect to common stock interests, a plan may be “crammed down” even if the shareowners receive no recovery if the proponent of the plan demonstrates that (i) no class junior to the common stock is receiving or retaining property under the plan and (ii) no class of claims or interests senior to the common stock is being paid more than in full.

Liabilities Subject to Compromise. Subsequent to March 31, 2013, the Debtor has incurred and will continue to incur significant costs associated with its reorganization. The amount of these costs, which are being expensed as incurred, are expected to significantly affect the Debtor's results of operations. Pre-petition claims will be reflected in liabilities subject to compromise on the Consolidated Balance Sheets after March 31, 2013. For additional information, see Note 1 to the Consolidated Financial Statements.

Further Information. For further information regarding the Chapter 11 Case, see Note 1 to the Consolidated Financial Statements. Additional information about the Company's Chapter 11 filing is also available on www.exiderestructures.com.

Factors Which Affect the Company’s Financial Performance

Lead and other Raw Materials. Lead represents approximately 45.5% of the Company’s cost of goods sold. The market price of lead fluctuates. Generally, when lead prices decrease, customers may seek disproportionate price reductions from the Company, and when lead prices increase, customers may resist price increases. Either of these situations may cause customer demand for the Company’s products to be reduced and the Company’s net sales and gross margins to decline. The average price of lead as quoted on the London Metals Exchange (“LME”) has decreased 7.0% from $2,274 per metric ton for the fiscal year ended March 31, 2012 to $2,114 per metric ton for the fiscal year ended March 31, 2013. At May 16, 2013, the quoted price on the LME was $1,967 per metric ton. To the extent that lead prices continue to be volatile and the Company is unable to pass higher material costs resulting from this volatility to its customers, its financial performance will be adversely impacted.

In the Americas, the Company has historically obtained the vast majority of its lead requirements from five Company-owned and operated secondary lead recycling plants. In fiscal 2013, the Company announced the closure of one of these facilities and the idling of another. The Company's recycling facilities reclaim lead by recycling spent lead-acid batteries, which are obtained for recycling from the Company’s customers and outside spent-battery collectors. Historically, recycling in the Americas has helped the Company more effectively control the cost of its principal raw material when compared to purchasing lead at prevailing market prices on the LME. Similar to the fluctuation in lead prices, however, the cost of spent batteries has also fluctuated. For example, the average market cost of purchased spent batteries increased approximately 8.7% for the twelve months ended March 31, 2013 versus the prior year period while lead prices on the LME have declined during the same period. The combination of higher spent battery costs and lower lead prices on the LME has put significant pressure on the Company’s margins. In response, the Company takes pricing actions as allowed by the market and is attempting to secure higher captive spent battery return rates to help mitigate the risks associated with this price volatility.

In Europe, the Company’s lead requirements are mainly fulfilled by third-party suppliers. Because of the Company’s exposure to the historically volatile lead market prices in Europe, the Company has implemented several measures to offset changes in lead prices, including selective pricing actions and lead price escalators. The Company has automatic lead price escalators with virtually all OE customers. The Company currently obtains a small portion of its lead requirements from recycling in its European facilities. Similar to the situation in the Americas, spent battery costs as a percent of LME have been increasing in Europe. We expect rising spent battery costs to increase the cost of acquiring lead from metal suppliers over and above lead prices on the LME.

The Company expects that continued volatility in lead and other commodity costs, to affect all business segments, and if the Company is unable to pass higher material costs resulting from this volatility to its customers, the Company's financial performance will be adversely impacted. The implementation of selective pricing actions and price escalators generally lag the rise in market prices of lead and other commodities.

Energy Costs. The Company relies on various sources of energy to support its manufacturing and distribution process, principally natural gas at its recycling facilities, electricity in its battery assembly facilities, and diesel fuel for distribution of its products. The Company seeks to recoup increases in energy costs through price increases or surcharges. To the extent the Company is unable to pass on higher energy costs to its customers, its financial performance will be adversely impacted.

Competition. The global transportation and industrial energy battery markets are highly competitive. In recent years, competition has continued to intensify and has affected the Company's ability to pass along increased prices to keep pace with rising production costs. The effects of this competition have been exacerbated by excess manufacturing capacity in certain of the Company's markets. In addition, fluctuating lead prices and low-priced Asian imports have also impacted certain of the Company's markets.

Exchange Rates. The Company is exposed to foreign currency risk in most European countries, principally from fluctuations in the Euro. For fiscal 2013, the average exchange rate of the Euro to the U.S. Dollar has decreased 6.5% on average from $1.38 for fiscal 2012 to $1.29 for fiscal 2013. At March 31, 2013, the Euro was $1.28 as compared to $1.33 at March 31, 2012. Fluctuations in foreign currencies impacted the Company's results for the periods presented herein. For the fiscal year ended March 31, 2013, approximately 58.0% of the Company's net sales were generated in Europe and ROW. Further, approximately 62.8% of the Company's aggregate accounts receivable and inventory as of March 31, 2013 were held by European and ROW subsidiaries. To the extent foreign currencies are volatile, the Company's financial performance could be adversely impacted.

The Company is also exposed, although to a lesser extent, to foreign currency risk in the U.K., Poland, Australia, and various countries in the Pacific Rim. Fluctuations in exchange rates against the U.S. Dollar can result in variations in the U.S. Dollar value of non-U.S. sales, expenses, assets, and liabilities. In some instances, gains in one currency may be offset by losses in another.

Markets. The Company is subject to concentrations of customers and sales in a few geographic locations and is dependent on customers in certain industries, including the automotive, communications and data and material handling markets. Economic difficulties experienced in these markets and geographic locations impact the Company's financial results. Original equipment volumes in the transportation and motive power channels have been and continue to be impacted by unfavorable global economic conditions. In addition, capital spending by major customers in our network power channels also continue to be below historic levels.

Seasonality and Weather. The Company sells a disproportionate share of its transportation aftermarket batteries during the fall and early winter (the Company's third and a portion of its fourth fiscal quarters). Retailers and distributors buy automotive batteries during these periods so they will have sufficient inventory for cold weather periods. The impact of seasonality on sales has the effect of increasing the Company's working capital requirements and also makes the Company more sensitive to fluctuations in the availability of liquidity.

Unusually cold winters or hot summers may accelerate battery failure and increase demand for transportation replacement batteries. Mild winters and cool summers may have the opposite effect. As a result, if the Company's sales are reduced by an unusually warm winter or cool summer, it is not possible for the Company to recover these sales in later periods. Further, if the Company's sales are adversely affected by the weather, the Company cannot make offsetting cost reductions to protect its liquidity and gross margins in the short-term because a large portion of the Company's manufacturing and distribution costs are fixed.

Interest Rates. The Company is exposed to fluctuations in interest rates on its variable rate debt. See Note 8 and item 7A to the Consolidated Financial Statements.

Fiscal 2013 Highlights and Outlook

In the Americas, the Company obtains the vast majority of its lead requirements from Company-owned and operated secondary lead recycling plants. These facilities reclaim lead by recycling spent lead-acid batteries, which are obtained for recycling from the Company's customers and outside spent-battery collectors. Historically, Recycling has helped the Company control the cost of its principal raw material used in North America as compared to purchasing lead at prevailing market prices. Similar to the fluctuation in lead prices, however, the cost of spent batteries has also fluctuated. The average cost of spent batteries increase approximately 8.7% in fiscal 2013 versus fiscal 2012. The Company continues to take pricing actions and is attempting to secure higher captive spent battery return rates to help mitigate price volatility associated with spent battery purchases in the open market.

In Europe, the Company's lead requirements are mainly fulfilled by third-party suppliers. Because of the Company's exposure to the historically volatile lead market prices in Europe, the Company has implemented several measures to offset changes in lead prices, including selective pricing actions and lead price escalators. The Company has automatic lead price escalators with virtually all OEM customers. The Company currently obtains a small portion of its lead requirements from recycling in its European facilities.

The Company expects that volatility in lead and other commodity costs, which affect all business segments, will continue to put pressure on the Company's financial performance. However, selective pricing actions, lead price escalators in certain contracts and fuel surcharges have been implemented to help mitigate these risks. The implementation of selective pricing actions and price escalators generally lag the rise in market prices of lead and other commodities. Both lead price escalators and fuel surcharges may not be accepted by our customers, and if the price of lead decreases, our customers may seek disproportionate price reductions.

The Company ceased operations at its Frisco, Texas recycling facility in December 2012 and idled secondary lead recycling operations at its Reading, Pennsylvania facility, effective March, 2013. Additionally, an order dated April 24, 2013 from the California Department of Toxic Substances Control ("DTSC") required the Company to temporarily suspend recycling operations at its Vernon, California secondary lead recycling facility. The Company anticipates that its remaining U.S. operating recycling facilities including the currently suspended Vernon, California facility, will continue to provide a significant portion of the lead requirements for the Americas regions. The Company has established arrangements with third party recyclers in North America to provide tolling for the region's remaining lead requirements. Limited additional purchases of finished lead from third party suppliers may also be required to satisfy the region's requirement. Successful idling of the secondary lead recycling operations at the Reading, Pennsylvania facility will also allow the Company to avoid capital spending of up to as $30.0 million over the next 15 to 18 months.

The key elements of the Company's underlying business plans and continued strategies are:

(i) Successful execution of the closure of the Company's Bristol, Tennessee transportation battery facility, including transitioning existing production to two of the Company's other facilities.

(ii) Successful closure of the Company's Frisco, Texas facility and idling of secondary lead recycling operations at the Reading, Pennsylvania facility, and the sale of a portion of the Frisco location for anticipated net proceeds of approximately $37.0 million.

(iii) Actions designed to improve the Company's liquidity and operating cash flow include working capital reduction plans, the sale of non-strategic assets and businesses, streamlining cash management processes, implementing plans to minimize the cash costs of the Company's restructuring initiatives, and closely managing capital expenditures.

(iv) Continued factory and distribution productivity improvements through the Company's established Lean/Six Sigma program, as well as the Value Analysis Value Engineering ("VAVE") and Take Charge! initiatives.

(v) An enhanced focus on growth of the Industrial Americas business through increased new product offerings (Tubular Motive Power, High Frequency Chargers, etc.), increases in capacity, and a larger and more distributed sales and service team tied to the Transportation branch network.

(vi) Continued investment in production capacity to meet evolving needs for enhanced batteries (AGM and MHF) required for the increasing numbers of Stop & Start and micro-hybrid vehicles.

(vii) Continued research and development and engineering investments designed to develop enhanced lead-acid products as well as products utilizing alternative chemistries.

(viii) Lifting the suspension order related to the Vernon, California secondary lead recycling facility.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations is based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates based on its historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies and estimates affect the preparation of its Consolidated Financial Statements.

Inventory Valuation. The Company adjusts its inventory carrying value to estimated market value (when below historical cost basis) based upon assumptions of future demand and market conditions. If actual market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required.

Valuation of Long -lived Assets. The Company’s long-lived assets include property, plant and equipment and identified intangible assets. Long-lived assets (other than indefinite lived intangible assets) are depreciated over their estimated useful lives, and are reviewed for impairment whenever changes in circumstances indicate the carrying value may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of long-lived assets to future undiscounted net cash flows expected to be generated by these asset groups. If such asset groups are considered to be impaired, the impairment recognized is the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets held for sale are reported at the lower of the carrying amount or fair value less estimated costs of disposal and are no longer depreciated.

Indefinite-lived intangible assets are reviewed for impairment on both an annual basis and whenever changes in circumstances indicate the carrying value may not be recoverable. The fair value of indefinite-lived intangible assets is based upon the Company’s estimates of future cash flows and other factors including discount rates to determine the fair value of the respective assets. If these long-lived assets or their related assumptions change in the future, the Company may be required to record impairment charges.

Employee Benefit Plans. The Company considers accounting for employee benefit plans critical because management is required to make significant subjective judgments about a number of actuarial assumptions, including discount rates, compensation growth, long-term return on plan assets, retirement, turnover, health care cost trend rates and mortality rates. Depending on the assumptions and estimates used, the pension and postretirement benefit expense could vary within a range of outcomes and have a material effect on reported results. In addition, the assumptions can materially affect accumulated benefit obligations and future cash funding. For a detailed discussion of the Company’s retirement benefits, see Employee Benefit Plans herein and Note 9 to the Consolidated Financial Statements.

Deferred Taxes. The Company records valuation allowances to reduce its deferred tax assets to amounts that are more likely than not to be realized. In assessing the need for a valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

This assessment, which is completed on a taxing jurisdiction basis, takes into account a number of types of evidence, including the following:

- Nature, frequency, and severity of current and cumulative financial reporting losses. A pattern of objectively-measured recent financial reporting losses is heavily weighted as a source of negative evidence. Three year cumulative pre-tax losses generally are considered to be significant negative evidence regarding future profitability. Also, the strength and trend of the Company's earnings, as well as other relevant factors, are considered. In certain circumstances, historical information may not be as relevant due to changes in the business operations;
- Sources of future taxable income. Future reversals of existing temporary differences are heavily-weighted sources of objectively verifiable positive evidence. Projections of future taxable income exclusive of reversing temporary differences and carryforwards are a source of positive evidence only when the projections are combined with a history of recent profits and can be reasonably estimated. Otherwise, these projections are considered inherently subjective and generally will not be sufficient to overcome negative evidence that includes relevant cumulative losses in recent years, particularly if the projected future taxable income is dependent on an anticipated turnaround to profitability that has not yet been achieved. In such cases, we generally give these projections of future taxable income limited weight for the purposes of our valuation allowance assessment pursuant to GAAP;
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law would be considered significant positive evidence, depending on availability, when evaluating current period losses ; and
- Tax planning strategies. If necessary and available, tax planning strategies would be implemented to accelerate taxable amounts to utilize expiring carry forwards. These strategies would be a source of additional positive evidence and, depending on their nature, could be heavily weighted.

If the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the Company's net recorded amount, an adjustment to the net deferred tax asset would increase income in the period that such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the net deferred tax asset would decrease income in the period such determination was made. The Company regularly evaluates the need for valuation allowances against its deferred tax assets.

In fiscal 2013, our U.S. operations had moved to a position of cumulative loss for the most recent three-year period. The Company considered the items below and concluded that the future tax benefits were not more likely than not to be realized:

- 3-year cumulative pretax loss;
- Limited carry forward period for the U.S. net operating losses; and
- Business plan projections for the U.S. showed continued losses.

Accordingly, in fiscal 2013, the Company established a full valuation allowance against net deferred tax assets for entities in the U.S. resulting in an $85.1 million expense in our provision for income taxes.

In fiscal 2012, our French operations had returned to a position of cumulative profits for the most recent three-year period. The Company considered the items below and concluded that the future tax benefits were more likely than not to be realized:

- 3-year cumulative pretax income (excluding one-time Auxerre plant closure related restructuring costs);
- Unlimited carry forward period for the French net operating losses;
- Favorable financial impact resulting from the closure of the Auxerre battery plant, which reduced fixed cost and better leveraged capacity utilization; and
- Business plan projections for France showed continued profitability.

Accordingly, in fiscal 2012, the Company released all of the valuation allowance against net deferred tax assets for entities in France resulting in a $73.6 million benefit in our provision for income taxes.

Revenue Recognition. The Company records sales when revenue is earned. Shipping terms are generally FOB shipping point and revenue is recognized when product is shipped to the customer. In limited cases, terms are FOB destination and in these cases, revenue is recognized when the product is delivered to the customer’s delivery site. The Company records sales net of discounts and estimated customer allowances and returns.

Sales Returns and Allowances. The Company provides for an allowance for product returns and/or allowances at the time sales are recorded. Based upon its manufacturing re-work process, the Company believes that the majority of its product returns are not the result of product defects. The Company recognizes the estimated cost of product returns as a reduction of sales in the period in which the related revenue is recognized. The product return estimates are based upon historical trends and claims experience, and include an assessment of the anticipated lag between the date of sale and claim/return date.

Environmental Reserves. The Company is subject to numerous environmental laws and regulations in all the countries in which it operates. In addition, the Company can be held liable for the cost of investigation and remediation of sites impacted by its past operating activities. The Company maintains reserves for the cost of addressing these liabilities once they are determined to be both probable and reasonably estimable. These estimates are determined through a combination of methods, including outside estimates of likely expense and the Company’s historical experience in the management of these matters.

Because environmental liabilities are not accrued until a liability is determined to be probable and reasonably estimable, not all potential future environmental liabilities have been included in the Company’s environmental reserves and, therefore, additional future earnings charges are possible. Also, future findings or changes in estimates could result in either an increase or decrease in the reserves and have a significant impact on the Company’s liquidity and its results of operations.

Litigation. The Company has legal contingencies that have a high degree of uncertainty. When a contingency becomes probable and reasonably estimable, a reserve is established. Lawsuits have been filed against the Company for which the liabilities are not considered probable and reasonably estimable. Consequently, no reserves have been established for these matters. If future litigation or the resolution of existing matters results in liability to the Company, such liability could have a significant impact on the Company’s future results and liquidity.

Results of Operations

Fiscal Year Ended March 31, 2013 compared with Fiscal Year Ended March 31, 2012

Net Sales

Net sales were $3.0 billion for fiscal 2013 versus $3.1 billion in fiscal 2012. Foreign currency translation unfavorably impacted net sales in fiscal 2013 by approximately $94.4 million. Excluding the foreign currency translation impact, net sales

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decreased by approximately $18.5 million, or 0.6%, primarily as a result of $77.6 million in unfavorable lead related pricing actions partially offset by higher unit sales in many of the Company's markets.
Net sales by segment:

	For the fiscal year ended		FAVORABLE / (UNFAVORABLE)		
	March 31, 2013	March 31, 2012	TOTAL	Currency Related	Non-Currency Related
	(In thousands)				
Transportation Americas	$879,831	$907,838	$(28,007)	$(1,434)	$(26,573)
Transportation Europe and ROW	926,978	1,014,292	(87,314)	(51,034)	(36,280)
Industrial Energy Americas	368,386	339,328	29,058	(348)	29,406
Industrial Energy Europe and ROW	796,503	823,192	(26,689)	(41,599)	14,910
Total	$2,971,698	$3,084,650	$(112,952)	$(94,415)	$(18,537)

Transportation Americas net sales, excluding the foreign currency translation impact, decreased 2.9% due to lower third party lead sales and $5.8 million of unfavorable lead related pricing actions, partially offset by an 11.8% increase in OEM unit sales and a 1.1% increase in aftermarket unit sales. Third-party lead sales in the twelve months of fiscal 2013 were approximately $45.1 million lower than such third-party sales in the twelve months of fiscal 2012 as the Company continued to reduce capacity in the volatile lead business, as evidenced by the previously announced shutdown of the Frisco, Texas recycling facility and idling of the Reading, Pennsylvania recycling facility.

Transportation Europe and ROW net sales, excluding foreign currency translation, decreased 3.6% mainly due to $35.6 million unfavorable impact of lead-related pricing, partially offset by 5.3% higher unit sales in the aftermarket.

Industrial Energy Americas net sales, excluding the foreign currency translation impact, increased 8.7% mainly due to 15.2% higher unit sales in the Network Power market and 2.1% higher unit sales in the Motive Power market, partially offset by $6.1 million unfavorable lead related pricing actions.
Industrial Energy Europe and ROW net sales, excluding foreign currency translation impact, increased 1.8% primarily due to 10.8% higher unit sales in the Network Power market, offset by $30.1 million unfavorable lead related pricing actions.

Gross Profit
Gross profit was $407.3 million in fiscal 2013 versus $484.8 million in fiscal 2012. Gross margin was 13.7% of net sales in fiscal 2013 compared to 15.7% of net sales in fiscal 2012. Excluding the impact of foreign currency translation, gross profit decreased due to lower third-party lead margins in the Americas, combined with higher commodity costs (aggregating to $58.1 million in the Americas) and manufacturing inefficiencies due to lower production and certain operational issues in Europe and the Americas. The operational issues principally impact gross margin in the Americas and result from the relocation of production to support the Bristol, TN closure, inefficiencies from ramp up of sizable capital investments in Salina, KS, Columbus, GA, and maintenance related downtime in Muncie, IN. Foreign currency translation unfavorably impacted gross profit in fiscal 2013 by approximately $12.8 million.

Operating Expenses

i. Selling and administrative expenses decreased $5.9 million, to $389.2 million in fiscal 2013 from $395.1 million in fiscal 2012. Excluding foreign currency translation impact of $9.8 million, the expenses increased by $3.9 million, primarily due to higher salaried related costs including sales commissions. Included in selling and administrative expenses were general and administrative expenses of $125.3 million in fiscal 2013 and $167.4 million in fiscal 2012.

ii. Restructuring and impairment expenses increased by $60.6 million, to $71.5 million in fiscal 2013 from $10.9 million in fiscal 2012. The fiscal 2013 increase was primarily due to the closure of the Bristol, Tennessee flooded battery

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plant, the idling of the Reading, Pennsylvania lead recycling operations, the closure of GNB India, closure of Baton Rouge, and loss related to the sale of the transportation Australasia business and other asset impairments.

Operating (Loss) Income

Operating (loss) income was $(53.4) million at March 31, 2013 versus $78.9 million at March 31, 2012. See segments discussion below.

Operating (loss) income by segment:

	For the Fiscal Year Ended						
	March 31, 2013		March 31, 2012		FAVORABLE / (UNFAVORABLE)		
	TOTAL	Percent of Net Sales	TOTAL	Percent of Net Sales	TOTAL	Currency Related	Non-Currency Related
	(In thousands)						
Transportation Americas	$(23,158)	(2.6)%	$9,513	1.0%	$(32,671)	$447	$ (33,118)
Transportation Europe & ROW	20,335	2.2%	55,928	5.5%	(35,593)	(939)	(34,654)
Industrial Energy Americas	28,266	7.7%	41,657	12.3%	(13,391)	(39)	(13,352)
Industrial Energy Europe & ROW	21,787	2.7%	14,435	1.8%	7,352	(362)	7,714
Unallocated corporate	(29,096)	n/a	(31,780)	n/a	2,684	928	1,756
	18,134	0.6%	89,753	2.9%	(71,619)	35	(71,654)
Restructuring and impairments, net	(71,495)	n/a	(10,878)	n/a	(60,617)	278	(60,895)
Total	$(53,361)	(1.8)%	$78,875	2.6%	$(132,236)	$313	$ (132,549)

Gross margins by segment:

	For the Fiscal Year Ended	
	March 31, 2013	March 31, 2012
Transportation Americas	11.8%	14.5%
Transportation Europe & ROW	12.4%	15.3%
Industrial Energy Americas	19.8%	24.6%
Industrial Energy Europe & ROW	14.6%	13.9%
Total	13.7%	15.7%

Transportation Americas operating income, excluding the foreign currency translation impact, decreased primarily due to compressed margins resulting from lower third-party lead sales, higher recycled lead input costs, certain operational issues and decreased revenue from lower LME lead prices, offsetting positive pricing actions in the aftermarket. The impact of higher core costs combined with lower third-party lead margins aggregated approximately $43.0 million.

Lastly, the Company received an order dated April 24, 2013 from the DTSC requiring the Company to temporarily suspend recycling operations at its Vernon, California recycling facility. The Company is pursuing a negotiated resolution, as well as pursuing its legal remedies to overturn the suspension order, in an effort to resume operations, but is uncertain if or when the facility will reopen. If the Company is unable to resume operations at the Vernon facility, the Company will need to find alternative sources of lead to ensure adequate supply of this critical raw material component in its products. If the Company is unable to find such sources of lead or if it procures such sources of lead at significantly higher cost, such circumstances could result in a material adverse effect on the Company's results of operations.

Transportation Europe and ROW operating income, excluding foreign currency translation impact, decreased mainly due to the continued impact of competitive pricing in the aftermarket business combined with unfavorable mix resulting from a shift to lower margin private label products during the period, and manufacturing inefficiencies. Also negatively impacting fiscal 2012 is an out of period unfavorable inventory adjustment of $4.6 million related to the Company's Portuguese recycling facility.

Industrial Energy Americas also experienced compressed margins as a result of higher lead input costs and lower LME lead pricing, as well as start-up related costs in the Company's Columbus, Georgia facility associated with a new AGM production line. The impact of higher spent battery acquisition costs and lower relative LME based pricing was approximately $15.1 million for the year.

Industrial Energy Europe and ROW operating income, excluding foreign currency translation impact, increased mainly due higher unit sales in the Network Power segment, lower selling and administrative expenses resulting from cost cutting initiatives and lower headcount; partially offset by higher commodity costs.

Unallocated corporate operating expenses, excluding the foreign currency translation impact, decreased mainly due to lower salary related expenses and lower professional fees.

Other Expense (net)
Other expense was $4.2 million at March 31, 2013 versus $6.3 million at March 31, 2012. The favorable change primarily relates to lower foreign currency remeasurement expenses on related intercompany debt in fiscal 2013 versus the prior year.
Interest Expense (net)
Interest expense decreased $6.2 million, to $65.6 million as of March 31, 2013 from $71.8 million as of March 31, 2012 primarily due to decreases in certain short-term loans combined with higher gains on an interest rate swap transactions versus the prior year period.
Income Taxes

	For the Fiscal Year Ended			
	March 31, 2013		March 31, 2012	
	(In thousands)			
Pre-tax (loss) income	$(123,176	)	$751	
Income tax provision (benefit)	99,915		(55,203	)
Effective tax rate	(81.1	)%	(7,350.6	)%

The income tax expense (benefit) for fiscal 2013 includes the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain and the United Kingdom, on which full valuation allowances are recorded. During the year the Company established an $85.1 million full valuation allowance for the United States after determining that it was not more likely than not that the Company would realize all deductible temporary differences and carryforwards in the forseeable future. In addition, the income tax expense was increased by the establishment of valuation allowance in India and Portugal aggregating $3.5 million.
The income tax expense (benefit) for fiscal 2012 was impacted by the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United Kingdom and Spain, on which full valuation allowances are recorded. In addition, the Company released $73.6 million valuation allowance for France after determining that it was more likely than not that the Company would realize all deductible temporary differences and carryforwards in the forseeable future. In addition, the income tax benefit was decreased by the establishment of valuation allowances in India and Portugal aggregating $4.2 million.
During fiscal 2012, the Company recorded a $13.4 million settlement with the Spanish tax authorities regarding its current and certain former Spanish subsidiaries. The settlement permanently closes income tax audits for fiscal years 2003 through 2010. This settlement resulted in the forfeiture of the $13.4 million previously paid during the appeal process.

Fiscal Year Ended March 31, 2012 compared with Fiscal Year Ended March 31, 2011
Net Sales

Net sales were $3.1 billion for fiscal 2012 versus $2.9 billion in fiscal 2011. Foreign currency translation favorably impacted net sales in fiscal 2012 by approximately $57.6 million. Excluding the foreign currency translation impact, net sales increased by approximately $139.6 million, or 4.8%, primarily as a result of higher unit sales in many of the Company's markets and an estimated $115.5 million related to lead price increases.

Net sales by segment:

	For the fiscal year ended		FAVORABLE / (UNFAVORABLE)		
	March 31, 2012	March 31, 2011	TOTAL	Currency Related	Non-Currency Related
	(In thousands)				
Transportation Americas	$907,838	$942,014	$(34,176)	$2,124	$(36,300)
Transportation Europe and ROW	1,014,292	922,870	91,422	20,385	71,037
Industrial Energy Americas	339,328	295,364	43,964	262	43,702
Industrial Energy Europe and ROW	823,192	727,268	95,924	34,784	61,140
Total	$3,084,650	$2,887,516	$197,134	$57,555	$139,579

Transportation Americas net sales, excluding the foreign currency translation impact, decreased 3.9% due to a 17.5% decrease in aftermarket unit sales, partially offset by a 79.4% increase in OEM unit sales and a $48.4 million impact of lead related price increases. Third-party lead sales for fiscal 2012 were approximately $6.4 million lower than such third-party sales in 2011.

Transportation Europe and ROW net sales, excluding foreign currency translation, increased 7.7% mainly due to 5.5% higher unit sales in the OEM channel and $58.3 million impact of lead related pricing actions. Unit sales in the aftermarket channel were essentially flat year over year.

Industrial Energy Americas net sales, excluding the foreign currency translation impact, increased 14.8% due to higher unit sales of 8.4% in Motive Power and 10.5% in Network Power markets.

Industrial Energy Europe and ROW net sales, excluding foreign currency translation impact, increased 8.4% due to 21.4% higher unit sales in the Motive Power market and $10.8 million of lead related pricing actions. Network Power sales in Europe continue to be lower due to depressed market conditions.

Gross Profit

Gross profit was $484.8 million in fiscal 2012 versus $541.3 million in fiscal 2011. Gross margin was 15.7% of net sales in fiscal 2012 compared to 18.7% of net sales in fiscal 2011. Excluding the foreign currency translation impact, gross profit decreased due to higher commodity costs, manufacturing inefficiencies due to lower production and certain operational issues and lower unit sales in Transportation Americas. Gross margin was unfavorably impacted by 60 basis points resulting from unrecovered lead costs. Foreign currency translation favorably impacted gross profit in fiscal 2012 by approximately $8.7 million. Also negatively impacting fiscal 2012 is an out of period unfavorable inventory adjustment of $4.6 million related to the Company's Portuguese recycling facility.

Operating Expenses

i. Selling and administrative expenses decreased $8.2 million, to $395.1 million in fiscal 2012 from $403.3 million in fiscal 2011. Excluding unfavorable foreign currency translation impact of $8.8 million, the expenses decreased by $17.0 million, primarily due to cost controls and lower compensation related costs. Included in selling and administrative expenses were general and administrative expenses of $167.4 million in fiscal 2012 and $177.2 million in fiscal 2011.

ii.

Restructuring and impairment expenses decreased by $31.4 million, to $10.9 million in fiscal 2012 from $42.3 million in fiscal 2011, and included non-cash asset impairment charges of $3.8 million and $9.1 million in fiscal 2012 and 2011, respectively. The fiscal 2012 decrease was primarily due to fiscal 2011 charges related to workforce reductions in the Americas and throughout Europe, along with certain plant closure costs.

Operating Income

Operating income was $78.9 million at March 31, 2012 versus $95.8 million at March 31, 2011. Operating income was unfavorably impacted by lower gross profit, partially offset by $31.4 million lower restructuring and impairment expenses, and decreased selling and administrative expenses.

Operating Income (Loss) by segment:

	For the Fiscal Year Ended						FAVORABLE / (UNFAVORABLE)		
	March 31, 2012			March 31, 2011					
	TOTAL	Percent of Net Sales		TOTAL	Percent of Net Sales		TOTAL	Currency Related	Non-Currency Related
	(In thousands)								
Transportation Americas	$9,513	1.0	%	$62,368	6.6	%	$(52,855)	$91	$(52,946)
Transportation Europe and ROW	55,928	5.5	%	65,792	7.1	%	(9,864)	(1,272)	(8,592)
Industrial Energy Americas	41,657	12.3	%	25,220	8.5	%	16,437	(55)	16,492
Industrial Energy Europe and ROW	14,435	1.8	%	23,149	3.2	%	(8,714)	2,309	(11,023)
Unallocated corporate	(31,780)	n/a		(38,470)	n/a		6,690	(1,242)	7,932
	89,753	2.9	%	138,059	4.8	%	(48,306)	(169)	(48,137)
Restructuring and impairments, net	(10,878)	n/a		(42,286)	n/a		31,408	(113)	31,521
Total	$78,875	2.6	%	$95,773	3.3	%	$(16,898)	$(282)	$(16,616)

Gross margins by segment:

	For the Fiscal Year Ended			
	March 31, 2012		March 31, 2011	
Transportation Americas	14.5	%	19.5	%
Transportation Europe & ROW	15.3	%	17.8	%
Industrial Energy Americas				